

**POLITICAL AND ECONOMIC IMPACT OF THE 2018  
AGRICULTURAL MARKETING (WOOL AND MOHAIR LICENSING)  
REGULATIONS**

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## **ABSTRACT**

The Government of Lesotho implemented the Agricultural Marketing Regulations of 2018 to regulate the marketing of wool and mohair with a justification to create a fair and transparent market for the Basotho farmers in the industry. This study examines the political and economic impacts of these regulations. Methodologically, the study depended on primary and secondary historical sources. The study used documentary materials, such as, newspapers, as well as oral interviews covering the introduction and implementation of the Agricultural Marketing Regulations. The outcomes of the research revealed that the regulations largely had adverse political and economic impacts on the local wool and mohair industry. The research conducted for this study demonstrated that, politically, these regulations were resisted by the Basotho farmers, who felt that the government was overstepping its boundaries and interfering in the private market without appropriate consultative measures. This led to protests and backlash from farmers, creating a tense political climate in the industry.

Economically, the regulations were a failure. They resulted in a decrease in the production of wool and mohair. Farmers were unable to sell their products at competitive prices due to the government-mandated rigidly standardized pricing structure, which led to a decrease in profits, and economic instability within the industry. Furthermore, the regulations hindered innovation and growth within the sector. The Basotho farmers were discouraged from investing in new technology and techniques.

Overall, the new Agricultural Marketing Regulations had adverse political and economic impacts on the industry. Their failure highlights the importance of the state carefully considering all factors and stakeholders before implementing regulatory measures in the agricultural sector. Importantly, the study illuminated that the role of the ordinary people

through their associations was crucial in successfully opposing regulations imposed by the government.

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I would like to express my sincere gratitude to God for giving me the strength and guidance throughout the process of completing this dissertation. Without His blessings, I would not have achieved this milestone.

I would like to express my sincere gratitude to God for giving me the strength and guidance throughout the process of completing this dissertation. Without His blessings, I would not have been able to achieve this milestone. First of all, I would like to express my deepest gratitude to my supervisor, Dr Sean Morenakemang Maliehe, for his constant support, guidance, and encouragement throughout the process of writing this dissertation. His expertise and valuable feedback have been instrumental in shaping and refining my dissertation. I am truly grateful for his dedication and patience in helping me navigate through challenges and providing valuable insights that have contributed to improving this work. I thank him for his unwavering support and for believing in me throughout this journey.

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## CERTIFICATION

This is to certify that the candidate has met all the requirements for the award of the Masters in African History under the Department of Historical Studies, National University of Lesotho in July 2024.

Supervisor.....Date.....

Head of Department.....Date.....

External Examiner..... Date.....

## **DEDICATION**

This dissertation is dedicated to my parents, Suping and 'Maphamotse, my sister, 'Mamaphoma my brothers, Phamotse and Kutu, and my nephew and niece, Maphoma and Lesedi. The love and support you always give me are out of this world. You fulfil me. May the great God continue to bless you.

## DECLARATION

I declare that this dissertation is my original work. It has not been previously submitted, in whole or in part, for the award of any degree. Each significant contribution to it, from the works of other people, has been duly acknowledged.

‘Mantlae Sarah Ramolahloane.....Date.....

## GLOSSARY

### Unfamiliar Terms

*Bohali*: Bridewealth, given to the family of a woman, by the family of the man marrying.

*Bahlanka*: Patron-Client relationships.

*Mafisa*: A patronage system of cattle loaning in which the recipient took care of animals loaned to them, and enjoyed the use of the animals.

*Majakane*: A group of men and women who converted to Christianity.

*Mfecane/lifaqane*: Cataclysmic upheavals of the 1820s, which disrupted the entire Southern Africa region.

## LIST OF ABBREVIATIONS

ABC	All Basotho Convection
BKB	Boeremakelaars Koöperatief Beperk
BWA	Bobatsi Wool Association
CMW	Cape Mohair and Wools
DC	Democratic Congress
LCD	Lesotho Congress for Democracy
RCM	Roman Catholic Mission
OMI	Oblates of Mary Immaculate
LPMS	Livestock Products Marketing Services
LNWMGA	Lesotho National Wool and Mohair Growers Association.
LRA	Lesotho Revenue Authority
LWC	Lesotho Wool Centre
MEC	Movement for Economic Change
MG	Marketing Group
MWMC	Maluti Wool and Mohair Centre
OVK	Oos Vrystaat Kaap Operations Limited
PEMS	Paris Evangelical Missionary Society

PM	Prime Minister
PMU	Police Mobile Unit
SR	Socialist Revolutionaries
SWMA	Skylight Wool and Mohair Association
VAT	Value Added Tax
WAMPP	Wool and Mohair Promotion Project
WTB	Wool Testing Bureau. The government of Lesotho
GoL	Government of Lesotho

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## INTRODUCTION

Wool serves as a raw material for the global processing industry, which turns it into a wide range of finished goods. These include worsted fabrics, woolen fabrics, apparel (coats, suits, pants, sweaters, dresses, shirts, skirts, undergarments, coat lining, shoes, socks, saddle clothes), interior goods (furniture coverings, blankets, carpets, rugs, upholstery, pillows, duvets, ornaments, slippers), tote bags, backpacks, dog coats, horse rugs, and so forth. The fleece left over after an animal is sheered is called wool. Alpacas (Huacaya fibre), llamas (fleece), musk ox (qivint), camels (hair), rabbits (angora wool), and sheep and goats (cashmere and mohair) are the primary species that produce wool.<sup>1</sup>

The world's sheep population produces the majority of wool produced worldwide. Based on Goktepe *et al* 'study, goats generate guard hair and down hair, which are two different types of fibre. The animal's down hair shields it from the cold, while the guard's hair covers the body. The term cashmere refers to down hair. Clothing and textiles can be made from cashmere fibre, which is typically produced at a rate of 500g to 1 kilogram per head per year.<sup>2</sup> Mazinzni and Rude add that the different factors, such as herd intensity, birth status, sex and age, can affect cashmere production. They further point out that cashmere growth is influenced by melatonin during the non-growing period, which increases cashmere yield and length by 34.5 and 21.3%, respectively.<sup>3</sup>

Samanta *et al.* concur with Mazinzni and Rude that the textile industry finds cashmere fibres more appealing due to their attractive, soft (softer than wool), bright, durable, and elastic

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<sup>1</sup> E. Stolan, and V. Şeran, "Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development", *Trens in the World Production of Natural Fibers of Animal Origin- Silk and Wool*, Vol. 19, Issue 4, (2019).

<sup>2</sup> F. Goktepe, G. Canipek and M. Soysal, "The Comparison of Physical Characteristics of Anatolian Native Goat Down Fibres with Cashmere", *TEKSTIL ve KONFEKSIYON*, Vol. 29, No.1, pp.11-21, (2019).

<sup>3</sup> M. Mazinzni and B. Rude, "Population, World Production and Quality of Sheep and Goat Products," *American Journal of Animal and Veterinary Sciences*, Vol. 15, No. 4, (2020), pp.293-296.

qualities.<sup>4</sup> A special kind of goat known as the angora produces mohair. McGregor explains that angoras have a single coat made of long, glossy, moderately coarse, but non-hairy fibres. Mohair is long, coarse, and glossy, making it very distinct from cashmere. Angoras can no longer molt; therefore, shearing is the only way to extract mohair.<sup>5</sup> Franck says that mohair is suitable for knitwear, apparel, curtaining, upholstery material, shawls, socks and accessories.<sup>6</sup> Mazinzni and Rude indicated that several countries produce mohair, and more than 60% are in Southern Africa.<sup>7</sup> Mohair is a luxury fibre grown by Angora goats and renowned for its lustre. Mohair takes colours brilliantly and adds lightness and warmth to textiles. Jeffery listed over 180 products for which mohair has been used ranging from air gun darts and artificial hair to paint rollers, velours, tropical suiting, and women's wear. Commercial production of mohair in Australia commenced after the first introduction of Angora goats in 1832. Jeffery also described the production characteristics of Angora after they had been acclimatised to Western Victoria.<sup>8</sup> McGregor and Butler asserted that commercial shipments of mohair were reported from South Australia in 1877 and from Western Australia at the turn of the 20th century.<sup>9</sup>

The mohair business saw a severe contraction around the time of World War I, following a string of recessions. The Australian mohair industry was resurrected in the late 1950s, and in 1977, commercial auctions of Australian mohair were held, featuring a number of brokers that sold wool, including Elders Ltd, Australian Mercantile Land and Finance Co. Ltd. Around the same time, a number of businesses focused on the mohair selling industry were founded and

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<sup>4</sup> K. K. Samanta, S. Basak, and S. K. Chattopadhyay, "Potential of Ligno-cellulosic and Protein Fibres in Sustainable Fashion", *Sustainable Fibres for Fashion Industry*, (2016), pp. 61-109.

<sup>5</sup> B. McGregor, *Properties and Performances of Rare and Natural Fibres: A Review and Interpretation of Existing Research Results*. (2011), pp.12-31.

<sup>6</sup> R. Franck, *Silk, Mohair, Cashmere and Other Luxury Fibres*, (Woodhead Publishing Ltd and CRC Press LLC, 2001).

<sup>7</sup> Mazinzni and Rude, "Population, World Production and Quality of Sheep and Goat Products", pp.293-296.

<sup>8</sup> H. E. Jeffery, "Goats", *Pet and Fancy Series*, Vol. 8, (1970).

<sup>9</sup> B. A. McGregor, and K. L. Butler, "Contribution of Objective and Subjective Attributes to the Variation in Commercial Value of Australian Mohair: Implications for Mohair Production, Genetic Improvement, and Mohair Marketing", *Australian Journal of Agricultural Research*, Vol.55, (2004).

continue to sell Australian mohair internationally. The world's production now stands at about 10,000 tons, a significant decrease from 1990.<sup>10</sup> Goats and sheep are raised for wool in a variety of nations. The countries with the most sheep include China, Australia, New Zealand, the United Kingdom, South Africa, Brazil, Argentina, Peru, and Uruguay.<sup>11</sup> There were 1 206 million fewer sheep worldwide in 2013 than there were in 1990. This decline can be attributed to both the shift in breeders' focus toward producing meat and the effects of global warming, which limit the availability of feed. Global sheep numbers in 2018 were 1 177 million, 2.5% fewer than in 2013 but 2 million more than in 2017, indicating a modest increase.<sup>12</sup> Despite these declining figures, wool and mohair continue to play a significant role in producer's economies.

Southern Africa is rich in natural resources, and its countries engage in vibrant trade of various commodities that bolster their economies.<sup>13</sup> Zimbabwe stands out for its significant cotton production, a vital cash crop that has historically played a crucial role in the nation's agricultural landscape. Cotton farming not only provides a livelihood for thousands of farmers but also positions Zimbabwe as a key player in the regional and global textile markets. The crop thrives in the country's climatic conditions, and efforts to enhance production have been made, although challenges such as economic instability and infrastructure issues persist.<sup>14</sup>

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<sup>10</sup> McGregor, and Butler, "Contribution of Objective and Subjective Attributes to the Variation in Commercial Value of Australian Mohair: Implications for Mohair Production, Genetic Improvement, and Mohair Marketing", *Australian Journal of Agricultural Research*, Vol.55, (2004), pp.1283-1298.

<sup>11</sup> Stolan, and Şeran, "Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development",

<sup>12</sup> Stolan, and Şeran, "Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development",

<sup>13</sup> P. Kwamina, *Africa's Natural Resources and Underdevelopment: How Ghana's Petroleum Can Create Sustainable Economic Prosperity*, Northeastern University, Boston, USA, 2017.

<sup>14</sup> N. Amin, "State and Peasantry in Zimbabwe Since Independence", *The European Journal of Development Research*, Volume 4, Issue 1, 2007.

In contrast, Lesotho's economy is heavily reliant on the export of wool and mohair, with the highlands providing an ideal environment for sheep farming.<sup>15</sup> The wool and mohair industries are integral to the country's economy, contributing significantly to export revenues. Farmers in Lesotho benefit from the unique properties of their wool, which is sought after for its quality and durability.<sup>16</sup> The interplay of these commodities not only illustrates the diverse agricultural practices within the region but also reflects the interdependency among Southern African nations as they navigate global markets.<sup>17</sup>

Wool and mohair are crucial to Lesotho's rural economy. They constitute about 60% of agricultural exports and support over 25% of the rural population.<sup>18</sup> Wool and mohair are the main agricultural exports of the country. Lesotho ranks as the world's second-largest producer of mohair.<sup>19</sup> The production of wool and mohair in Lesotho has significantly enhanced the agricultural sector's value and made substantial contributions to both GDP and GNP. For instance, according to the Lesotho Bureau of Statistics, wool and mohair production accounted for approximately 10% of the country's agricultural GDP in recent years.<sup>20</sup>

This sector is not only a vital source of income for rural communities, but also plays a crucial role in the country's overall economic performance. By focusing on the export of these fibres, Lesotho has been able to tap into lucrative international markets, boosting foreign exchange earnings and supporting local industries associated with sheep farming and textile manufacturing.<sup>21</sup> Nearly two thirds of Lesotho's agricultural exports are made up of wool and

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<sup>15</sup> J. P. Hunter, *The Economics of Wool and Mohair Production and Marketing in Lesotho*, ISAS Research Report No. 16, Institute of Southern African Studies, Roma, Lesotho, (1987).

<sup>16</sup> J. P. Hunter, *The economics of Wool and Mohair Production and Marketing in Lesotho*,

<sup>17</sup> G. Zahira, "An Analysis of the Interdependence Within the Bilateral Relationship Between South Africa and Lesotho", Master Thesis, University of Cape Town, 2017.

<sup>18</sup> A.T. Rants'o, "The Role of the Non-Farm Sector in Rural Development in Lesotho", *The Journal of Modern African Studies*, Vol.54, No.2, (2016), pp.317-338.

<sup>19</sup> N. D. Mokhehi, "Analysis of Trade Structure and Pattern of Wool and Mohair Export of Lesotho", degree of M (Agric), University of Free State Bloemfontein South Africa, (2015), p.49.

<sup>20</sup> J. P. Hunter, *the economics of wool and mohair production and marketing in Lesotho*,

<sup>21</sup> K. S. Jacobina, "An Analysis of the Competitiveness of Lesotho's Wool and Mohair Industry", ProQuest Dissertations & Theses, University of Pretoria in South Africa, (2020).

mohair. About 45,000 rural Basotho primarily depend on the raising of sheep and goats to produce wool and mohair for their livelihood.<sup>22</sup> These families are concentrated in the rural highlands characterised by high poverty and unemployment rates.<sup>23</sup> Basotho depend on the money they make from selling their wool and mohair to support their families.

The raising of livestock, particularly sheep and goats, has a variety of benefits for Lesotho's rural and national development. Firstly, the export of wool and mohair brings in some foreign cash that may be utilised to raise the standard of living for farmers and boost national income. There are differing opinions on the role that livestock plays in Lesotho's rural development. Rants'o, for example, notes that raising cattle is a source of status for many Basotho people. Nonetheless, the literature has a wealth of information about how livestock agriculture benefits Lesotho's rural and national development.<sup>24</sup> Rants'o point of view misses the reality that Basotho's integration into the global capitalist economy dates back to the colonial era and is a result of livestock production, specifically the raising of sheep and goats for international trade. Based on empirical data, Basotho farmers were manufacturing and exporting enormous amounts of wool and mohair to foreign nations in the nineteenth century, primarily to Britain. Rants'o's study shows further how wool and mohair contribute significantly to Lesotho's development and make up to around 75% of the nation's overall exports. Lesotho sent about 2000 bags of wool to South Africa in 1873, which rose to 40, 400 bags in 1880. About 30 460 1b pounds worth of mohair were shipped between 1893 and 1894, totalling 792 pounds in value. It is estimated that at least 10,000 goats created that much mohair.<sup>25</sup>

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<sup>22</sup> H. B. Colin, "Scratching about (Fato-Fato): Erosion, Governance, and the Commodification of Water in Lesotho", ProQuest Dissertations & Theses, University of California, (2017).

<sup>23</sup> S. Drimie, *Livelihoods Recovery through Agriculture Programme: Lessons for the SADC Region*, (2014).

<sup>24</sup> A. T. Rants'o, "Livestock Production and Rural Development in Lesotho, A Historical Analysis of Wool and Mohair Industry (1850s – 1980s)", *Journal of Humanities*, Vol. 2, No. 5, (2015), p.5.

<sup>25</sup> Rantso, "Livestock Production and Rural Development in Lesotho, A Historical Analysis of Wool and Mohair Industry (1850s – 1980s)", p.5.

Great export performance for both wool and mohair, with around 1589 200 lb of mohair, which was harvested in 1950, bringing in 250, 000 pounds for the nation. In that same year, there were about 610 000 Angora goats in Lesotho. In 1957, when 1056 066 lb of wool was sold for 348 149 Pounds, the greatest profits from the sale of wool and mohair were made. Providing farmers with extension services was linked to a rise in the amount and cost of wool and mohair in the 1950s. In 1955, the provision of extension services led to the establishment of producer cooperatives, resulting in the foundation of 14 cooperatives producing wool and mohair. Rants'o asserts that cooperatives exported more than 26, 000 tons of mohair, bringing in 322, 627 pounds for the nation.<sup>26</sup> Despite the importance of wool and mohair in Lesotho, little has been written on the history and contemporary issues surrounding this industry.

The Basotho farmers sell their wool and mohair to the European markets through the South African broker, Boeremakelaars Koöperatief Beperk (BKB). The Basotho farmers sold part of their mohair through Cape Mohair and Wools (CMW) from 2006 to 2008. During this short period, CMW operated as an alternative broker in the South African market for their mohair.<sup>27</sup> In general, the Basotho farmers, through their associations, the Lesotho National Wool and Mohair Growers Association (LNWMGA) and the Marketing Group (MG), expressed their satisfaction with the marketing arrangements and organisation at the time.<sup>28</sup> According to both groups of farmers, the main benefit of selling their produce through BKB was the transparent nature of the process. Before an auction, BKB informed farmers of the anticipated prices for

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<sup>26</sup> Rantso, "Livestock Production and Rural Development in Lesotho, A Historical Analysis of Wool and Mohair Industry (1850s – 1980s)",

<sup>27</sup> P. E. Maqalika, "Database and Guide for Lesotho Wool and Mohair Production and Quality", Doctor of Textile Science, Nelson Mandela University, (2020).

<sup>28</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, Maseru, (2020).

various grades of wool and mohair. Farmers received pay slips stipulating all income deductions, and payment records. The auctioning processes were also clearly defined to them.<sup>29</sup>

Lesotho's wool and mohair were obtained from both publicly and privately-owned shearing sheds. Their produce was sent across the border to two South African brokers, BKB and Oos Vrystaat Kaap Operations Limited (OVK). Between 2010 and 2018, these brokers controlled about 90% of the market for wool sales in Lesotho.<sup>30</sup> The brokers managed the wool and mohair certification and testing processes before exporting them to international markets, mainly in Europe. Within the value chain, brokering involves facilitating transactions between buyers and sellers to ensure that all parties get a fair deal. Testing and certification activities involve assessing the quality, safety and compliance of products, or services to meet certain standards. Auctioning is the process of selling goods or services to the highest bidder through a competitive bidding process. These activities are a crucial role in adding value to the overall supply chain. They ensure efficiency and trust in business transactions. Farmers and private traders get their payouts after the brokers deduct different fees and taxes. Members of the LNWMGA, as well as those who sold to private traders, were aware of the procedures of classifying, calculating volumes, and auctioning wool and mohair. These market channels and value chains that followed them had been developed over several decades.<sup>31</sup>

Farmers used to receive their payments fairly quickly, usually four to five months after selling their products. In this manner, farmers could quickly resolve any payment mistakes by contacting with BKB through their representatives. As a result, farmers could to settle both their business and personal debts. A variety of embedded value chain services, such as recorder,

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<sup>29</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, p.4

<sup>30</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

<sup>31</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

wool classer, shearer, and herd-boy training, were provided by BKB. The broker sold breeding stock, shearing scissors, bales for packaging, and wool pressers. It provided interest-free financing for shearing shed maintenance and repairs on fair conditions and subject to limitations decided upon by both parties. In many ways, this old system worked for the Basotho farmers.<sup>32</sup> The wool and mohair trade in Lesotho was governed by the Agricultural Marketing (Trading) Regulations of 1974. This legislation allowed both citizens and foreigners to apply for trading licenses, which were mandatory for anyone involved in buying, selling, or brokering wool, mohair, or related products. To obtain a license, a woolshed approval was required. In 2018, the government suddenly shifted, replacing the 1974 regulations with a new set of rules, known as the Agricultural Marketing (Wool and Mohair Licensing) (Amendment) legislation No. 65 of 2018, which would then be called the Agricultural Marketing Regulations or the 2018 Regulations.<sup>33</sup> The government of Lesotho (GoL) introduced the new Regulations with the justification to reduce farmers' reliance on South African brokers, allowing them to fully reap the rewards of their labor without having their raw products purchased, processed, and sold across the border.

Consequently, it became illegal for anyone to trade in wool and mohair without first obtaining a license from the Ministry of Small Businesses, Cooperatives and Marketing. The legislation specified that wool and mohair must be prepared, brokered, traded, and auctioned in Lesotho.<sup>34</sup> Wool and mohair are usually harvested by shearing the fibres from sheep and goats, respectively. This shearing is performed with care to prevent any damage to the fibres. Once sheared, the wool and mohair are sorted and classified based on their quality, which takes into account factors inclusive of fibre length, fineness, and colour. The fibres undergo a cleaning

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<sup>32</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

<sup>33</sup> M. Mohloboli, "Uproar Over Ministries' New Company", Lesotho Times, 16 June 2018.

<sup>34</sup> M. Phakela, "Wool and Mohair Farmers Lose Court Appeal", Lesotho Times, 19 February 2019.

process to eliminate dirt, grease, and other contaminants, typically involving washing and scouring. Additionally, it is important to cultivate strong relationships with farmers and suppliers to ensure a consistent and reliable supply of wool and mohair. Negotiating prices and quantities with suppliers is essential to secure the best purchasing terms, while also keeping up-to-date with market trends and prices for wool and mohair.<sup>35</sup>

This allows for making informed decisions when trading fibre. It is essential to develop a trading strategy that considers factors such as supply and demand, price fluctuations, and market risks. Afterwards, acquire wool and mohair from suppliers at competitive prices and sell it to manufacturers, retailers, or other buyers for a profit. The auctions are organised to offer wool and mohair to interested parties, whether through live events, or online platforms. Additionally, potential buyers are invited, including textile manufacturers, retailers, and exporters, to participate in the auction. It is ensured that the auction process is transparent and fair, providing all necessary information about the fibre being sold, including its quality and quantity.<sup>36</sup> Through the new Act, the government attempted to localize the sale of these valuable products. In its pursuit, the government engaged Stone Shi, a Chinese businessman, to erect a local wool and mohair processing plant. The shift affected many Basotho households who relied on wool and mohair revenue. As a result, the new regulations were met with resistance, leading to two nationwide protests. From August 2018, Basotho farmers were forced to sell their produce through Shi's plant, Lesotho Wool Centre, in Thaba-Bosiu.<sup>37</sup>

The new regulations limited the amount of wool and mohair that could be auctioned off. It stated that only Basotho would be granted permits to operate shearing sheds, conduct testing, trade and hold auctions to localize the business. The LWC was the only business found to have

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<sup>35</sup> Phakela, "Wool and Mohair Farmers Lose Court Appeal",

<sup>36</sup> Phakela, "Wool and Mohair Farmers Lose Court Appeal",

<sup>37</sup> Mohloboli, "Uproar Over Ministries' New Company",

fulfilled the requirements, and as such it was granted the exclusive brokerage license. The new regulations brought about significant disruptions to already established value chains, which negatively affected the industry and reduced the earnings of small-scale farmers. The most notable change was the requirement that all wool and mohair brokering and auctioning must now take place within the borders of Lesotho.<sup>38</sup>

Lesotho farmers could no longer be able to move their wool and mohair beyond the country's borders. Due to these new regulations, only LWC could auction the products. This was a huge blow for the country, considering the fact that LWC under the leadership of Shi, failed to pay farmers for their wool and mohair, which they took to LWC in 2018. Basotho farmers were owed money by LWC, which took their wool and mohair without compensation. The government promised to settle the payments on LWC's behalf, with the understanding that the company would refund the government once it had gained financial stability. This is why the farmers sought compensation from the government rather than from LWC directly. Thesele Maseribane, the Minister of Small Business Development, Cooperatives, and Marketing Chief, confirmed that LWC signed the debt acknowledgement. Maseribane reported that on 6<sup>th</sup> April 2021, Cabinet approved the payment of M10 530 766 to thousands of farmers, who had not been paid during the 2018/2019 financial year.<sup>39</sup> Without explaining the factors which resulted in payments not being made, the Minister expressed regret to the wool and mohair growers for not processing the payments on 7<sup>th</sup> April 2021 as promised.

The Minister, however, pointed out generically that certain procedures needed to be followed for the farmers to get paid. Maseribane pleaded with them to understand the delay in processing payment for wool and mohair for the 2018/2019 financial year. The Minister further added that

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<sup>38</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing Analysis of the Agriculture Marketing Wool and Mohair Licensing) Regulations 2018 and subsequent amendments of 2019.

<sup>39</sup> N. Masoto, "Govt Bails Out Shi", *Informative Newspaper*, 23 April 2021.

for payment vouchers to be processed at the Ministry of Finance, LWC had to sign a contract. The Minister produced proof that the agreement had already been forwarded to the Ministry for approval as well as the Principal Secretary for signature. Maseribane stated that 759 payment vouchers had been processed for payment and were awaiting the Ministry of Finance's return with the contract.<sup>40</sup> However, the farmers did not receive their money from the government, so they took action in an attempt to compel the government to pay them millions of Maloti in compensation. To this day, the farmers from different shearing sheds in Lesotho continue to be owed substantial sums, amounting to millions. The farmers earnestly urged the government to pay them for the wool and mohair they transported to LWC at Thaba-Bosiu during the 2018/2019 financial year. They also attempted to persuade the Ministry of Finance, and the Ministry of Agriculture and Food Security to speed up their payments.<sup>41</sup>

This study investigates the political and economic effects of the 2018 Agricultural Marketing (Wool and Mohair Licensing) Regulations. To approach this complex issue comprehensively, both primary and secondary sources were utilised. The research began with the collection of oral interviews, engaging a diverse group of participants, including members of the Lesotho National Wool and Mohair Growers Association (LNWMGA), individual farmers, former government officials, and representatives from opposition parties. These interviews aimed to capture a range of perspectives and experiences related to the regulations and their impact on the agricultural community.

Following the interviews, I turned to secondary sources to enrich the analysis. Newspaper articles were particularly valuable, as they provided context regarding the timeline of the regulations' introduction and implementation. They further documented the farmers' demonstrations and voiced public sentiments at the time. By synthesising insights from direct

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<sup>40</sup> Masoto, "Govt Bails Out Shi",

<sup>41</sup> Masoto, "Govt Bails Out Shi",

testimonies and media coverage, the study aims to construct a nuanced understanding of the political and economic dynamics at play in the wake of the 2018 regulations, offering a holistic view of their effects on the livelihoods of Basotho farmers. The study observes the case of wool and mohair farmers in Lesotho as important in demonstrating that people can successfully fight together against authoritative regimes.

This study is organised around six chapters that are organised thematically and chronologically. Chapter 1 introduces the background to trade in wool and mohair and agricultural production in pre-colonial, colonial and post-colonial Lesotho. Chapter 2 explores the origins of the Lesotho National Wool and Mohair Growers Association. Chapter 3 discusses the introduction of the Agricultural Marketing (Wool and Mohair Licensing) Regulations of 2018. Chapter 4 discusses the impacts of the Agricultural Marketing Regulations of 2018. Chapter 5 examines the popular protests against the new regulations. The last chapter is the conclusion.

## CHAPTER 1

### **Background: Agricultural Production and Trade in Wool and Mohair in Pre-colonial, Colonial and Post-Colonial Lesotho**

#### **Introduction**

Pre-colonial communities in Southern Africa depended on a subsistence economy. They were crop producers, livestock herders and hunter-gatherers. They participated in trade to secure other necessities. Colonialism introduced commerce and the capitalist mode of production.<sup>1</sup> In Lesotho, the missionaries introduced commerce along with Christianity.<sup>2</sup> After independence in 1966, Lesotho opted to follow capitalism because it was a former British colony. Capitalism, the free market economy, was chosen as an ideal economic model to attract foreign investment and economic growth to drive development. This chapter presents a historical background of agricultural production and trade in pre-colonial, colonial and post-colonial Lesotho eras.<sup>3</sup>

#### **Nation Building and Basotho's Economy after the Mfecane Wars**

Moshoeshoe, son of Kholu and Mokhachane, was originally named Lepoqo, meaning "Dispute." He came from the Bakoena lineage, a small noble family. He earned the name "Moshoeshoe" for his bravery and valour as a cattle raider. Moshoeshoe used a combination of political strategies, to form and strengthen the Basotho nation, including forming alliances and engaging in warfare, and social and economic tactics. His authority was significantly bolstered by his vast herds of cattle, which he acquired from neighbouring chiefdoms and

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<sup>1</sup> H. Alavi, "India and the Colonial Mode of Production", *Economic and Political Weekly*, Vol. 10, No. 33/35, (1975), pp.1235-1237.

<sup>2</sup> N. Pheko, "The Cross-Cultural Missionary Enterprise of the Lesotho Evangelical Church", Degree of Master, University of Free State, (2006).

<sup>3</sup> T. Mothibe, "State and Society, 1500-1800" in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, (Roma, Lesotho: Department of History, National University of Lesotho, 2002), pp.24-25.

distributed through the *mafisa* system (cattle loans). By 1839, the majority of his herd, which numbered around 20,000 cattle, had been allocated through this system.<sup>4</sup>

Initially, cattle were mainly used for production and reproduction, facilitating wives' acquisition. Under the *mafisa* system, the "beneficiary" of a loan was granted rights to use the cattle. This included permission to consume dairy products and, with the invention of the plough, to utilise oxen for labour. Occasionally, an older animal that could no longer serve these purposes would be slaughtered. Nevertheless, the "benefactor" retained ownership of the animals and their offspring, with the right to inspect them at any time. The *mafisa* arrangement fostered a dependency akin to a patron-client relationship. Marriage also played a vital role in nation-building. Moshoeshoe, who had many wives from various chiefly and ally families, fathered numerous children. Through his daughters, he was able to acquire a significant number of cattle via the *bohali* (bride wealth) tradition, which he then used within the *mafisa* system.<sup>5</sup>

In order to create his nation, Moshoeshoe also made use of the *Bohlanka*, or patron-client relations. *Bahlanka* were young males without animals who could only be married if they were given *bohali*. They herded the chief's livestock and worked for free in his fields. Following the *Lifaqane* war of the early nineteenth century, Moshoeshoe gathered a large number of young men and women, from whom he profited both economically and demographically. He exercised entire parental rights over all of his *bahlanka's* offspring once they had paid their *bohali*, including the right to receive their *bohali* upon the girls' marriages and to use their labor. Moshoeshoe's chiefdom was the biggest and most influential in the Mohokare Valley by

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<sup>4</sup> Mothibe, "State and Society, 1500-1800" in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, pp.18-24.

<sup>5</sup> Mothibe, "State and Society, 1500-1800" in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*", pp.21-22.

the 1830s. The British at the Cape recognised Moshoeshe as the “...sovereign ruler of his nation and a leader of remarkable talent as early as 1834.”<sup>6</sup>

In order to boost food production, the Basotho also cultivated their fields intensively after the *Lifaqane* battles. Eldredge argues that the reason for this increase in output was the missionaries' heavy labour inputs, as well as the introduction of new crops, animals, and technology, which led to an "increasing emphasis on cultivation over stock-keeping initially occurring spontaneously as Basotho sought for food security."<sup>7</sup> Earlier, Casalis had observed that "agriculture is seen in the most honourable light among the Basotho, and more generally pursued, with both sexes devoting themselves to it with equal ardour."<sup>8</sup> Sorghum and maize were the major foods grown by the Basotho. As mentioned in the essay, “Aspects of Lesotho's Political Economy,” Mohapi argued that Basotho originally acquired sorghum from their southern Nguni neighbours. Sorghum was adapted to the climate of Lesotho because it could tolerate frequent droughts. He went on to say that Basotho farmed four different kinds of sorghum.<sup>9</sup>

It is believed that maize arrived in Lesotho via the Nguni, who came from the Portuguese. Additionally, Basotho farmed a variety of vegetables, such as beans, watermelons, pumpkins, and calabashes. Crops including potatoes, grapes, cherries, peaches, oranges, figs, and apple trees, were brought by the missionaries and eventually included in the Basotho diet.<sup>10</sup> A non-agricultural economic activity was the manufacture of handicrafts, which were primarily composed of grass and leather. Leatherwork was dominated by men who worked long hours

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<sup>6</sup> Mothibe, “State and Society, 1500-1800” in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, pp.21-22.

<sup>7</sup> Mothibe, “State and Society, 1500-1800” in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, p.22-24.

<sup>8</sup> Mothibe, “State and Society, 1500-1800” in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, pp.22-24

<sup>9</sup> Mothibe, “State and Society, 1500-1800” in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, pp.24-25.

<sup>10</sup> Mothibe, “State and Society, 1500-1800” in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, pp.24-25.

scraping and tanning animal skins and crafting leather goods like blankets, shoes, and garments. Men made big grain baskets to store grain after harvest, even though women produced most of the mats and utensils made from grass, such as large grass basins and sieves.

### **Arrival of Missionaries and Introduction of Animal and Crop Varieties**

Lesotho fought the Dutch in an attempt to seize control of Basotho territory in the late 1840s. The Basotho leader, King Moshoeshoe, had to figure out how to provide his people with horses and weapons so they could engage effectively in warfare. Moshoeshoe was aware of the benefits that other clans received from having missionaries live among them. In order to obtain weapons through them to repel the invaders, he asked three French missionaries from the Paris Evangelical Missionary Society (PEMS) to visit his nation. At Moshoeshoe's invitation, Thomas Arbousset, Eugene Casalis, and Constant Gosselin visited Thaba Bosiu in 1833, who significantly changed post-*Lifaqane* Basotho society.<sup>11</sup> Later, in 1862, Roman Catholic Mission (RCM) missionaries under the direction of Bishop Allard and Father Joseph Gerard of the Oblates of Mary Immaculate (OMI) followed the PEMS missionaries. Anglican missionaries under the direction of Thomas Stenson and John Widdicombe arrived in 1876.<sup>12</sup>

Moshoeshoe invited the PEMS missionaries primarily with the hope that they would help him establish his sovereignty in the Mohokare Valley, and spread peace.<sup>13</sup> He gave PEMS missionaries permission to freely spread the gospel throughout the nation in exchange for their services. In addition, he allowed his people to attend Christian services and move on to the mission stations. In 1833, 1835, and 1837, the PEMS missionaries established mission stations

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<sup>11</sup> T. Mothibe and M. Ntabeni, "The Role of the Missionaries, Boers and British in Social and Territorial Changes, 1833-1868," in N. W. Pule and M. Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, (Roma, Lesotho: Department of History, National University of Lesotho, 2002), pp.35-38.

<sup>12</sup> Mothibe and Ntabeni, "The Role of the Missionaries, Boers and British in Social and Territorial Changes, 1833-1868," in N. W. Pule and M. Thabane (eds), pp.35-38.

<sup>13</sup> Mothibe and Ntabeni, "The Role of the Missionaries, Boers and British in Social and Territorial Changes, 1833-1868" in N. W. Pule and M. Thabane (eds), pp.35-37.

at Morija, Beersheba, and Thaba-Bosiu, respectively, to lay a foundation for their work. The *majakane*, a group of men and women who converted to Christianity, lived close to mission sites where they adopted Christian economic and spiritual practices. These groups of new converts were largely responsible for the changes that took place in the Basotho society. According to their belief that "industry and civilisation went hand in hand," the missionaries urged the *majakane* to embrace contemporary farming practices, such as using a metal plough, and to strive to produce enough food for their family as well as the market.<sup>14</sup>

Mission stations evolved into testing grounds for new crop introduction and the advancement of ox-drawn plough technology. The latter caused the land to be farmed more extensively and intensively. The new converts were the ones who initiated the practice of cultivating better agricultural products and raising domestic animals, including sheep. Thabane notes that "the PEMS expressly linked their encouragement of commodity production, notably wheat, to the spread of the gospel".<sup>15</sup> In support of this, Thabane notes that the missionaries vigorously pushed wheat farming as the greatest means of integrating the Basotho into the regional economy".<sup>16</sup> Increasing reliance on the plough changed the base of subsistence from pastoralism to crop production. Additionally, it made agriculture a primarily male-dominated industry. Traditionally, men focused primarily on raising cattle, leaving women to dominate crop production. Since only males were traditionally allowed to work with cattle, the growing popularity of the ox-drawn plough excluded women from agriculture and increased the need for male labour.<sup>17</sup>

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<sup>14</sup> Mothibe and Ntabeni, "The Role of the Missionaries, Boers and British in Social and Territorial Changes, 1833-1868" in N. W. Pule and M. Thabane (eds), pp.40-43.

<sup>15</sup> Mothibe and Ntabeni, "The Role of the Missionaries, Boers and British in Social and Territorial Changes, 1833-1868" in N. W. Pule and M. Thabane (eds), pp.40-43.

<sup>16</sup> Mothibe and Ntabeni, "The Role of the Missionaries, Boers and British in Social and Territorial Changes, 1833-1868" in N. W. Pule and M. Thabane (eds), pp.40-43.

<sup>17</sup> C. Boehm, "The Social Life of Fields: Labour Markets and Agrarian Change in Lesotho", *Journal for Interdisciplinary and Cross-Cultural Studies*: Vol.3, (2003), pp.2-4.

## **Land Loss, Colonisation and the Emergence of Labour Migration System**

The process of land loss in Lesotho can be traced back to the pre-colonial era when European powers, including Britain and the Cape Colony, began to assert their control over the territory. This led to the dispossession of land from the Basotho people, who were the indigenous inhabitants of the region. As a result, many Basotho were forced to migrate to other areas in search of land and resources. Colonisation also played a crucial role in shaping the labour migration system in Lesotho. The establishment of colonial administrations, as well as the imposition of colonial economic policies, disrupted traditional livelihoods and forced many Basotho into wage labour on European-owned farms and mines. This created a demand for migrant labour, which led to the development of a labour migration system in Lesotho.<sup>18</sup>

The labour migration system in Lesotho became institutionalized through agreements between the colonial government and companies in South Africa, such as the recruitment of Basotho men to work in the mines when diamonds were exploited in Kimberly. These labour migrants would often spend extended periods of time away from their families, working in difficult and dangerous conditions for low wages. Over time, the labour migration system became entrenched in the economy of Lesotho, with many families relying on remittances from migrant workers to support themselves. This system also had significant social and cultural impacts, as it led to the separation of families and the disruption of traditional kinship networks. The emergence of a labour migration system has been a key factor in shaping the history and development of Lesotho. These processes have had far-reaching impacts on the economy, society, and culture of the country, and continue to influence its present-day challenges and opportunities.<sup>19</sup>

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<sup>18</sup> Mothibe and Ntabeni, "The Role of the Missionaries, Boers and British in Social and Territorial Changes, 1833-1868" in N. W. Pule and M. Thabane (eds), pp.42-44.

<sup>19</sup> Boehm, "The Social Life of Fields: Labour Markets and Agrarian Change in Lesotho", pp.5-7.

### **Colonial Economy, Trade in Wool and Mohair, and the Exclusion of Basotho**

Upon granting colonisation petitions in the 1860s, the British government notified colonial officials in Southern Africa that all expenses paid in establishing a colony in Lesotho would have to be paid with taxes. They were instructed that the British and the Cape Colony authorities should not bear any costs associated with the colonization and worship of Lesotho. This requirement had a major influence on the development of Basotho society in various ways after Lesotho was colonized.<sup>20</sup>

The colonial government's method of carrying out colonial policies was determined by these financial constraints. Sir Phillip Wodehouse, the High Commissioner, exercised personal power over Lesotho from 1868 until 1871. He had worked with the Colonial Office to reach this arrangement so as to prevent the straight annexation of Lesotho to either the Cape Colony, or Natal. Wodehouse was concerned that the Cape and Natal would adopt more rigid stances against Basotho laws and customs, which may have caused instability as Basotho would have probably rebelled against them. In his opinion, colonial law needed to be implemented gradually and methodically to give Basotho time to adjust and as a result, prevent instability and war. This is not to say that Wodehouse disagreed with harsh colonial rule in every way. In contrast to many of his contemporaries, for whom using force was the simplest course of action, he preferred the deliberate process of weakening his opponents' strength and only making his authority known once this was accomplished. He was aware of the importance of taking decisive action when necessary.<sup>21</sup>

In 1868, Philip Wodehouse declared the Basotho as the British subjects. Between 1868 and 1871, he placed the territory of Basutoland under his personal charge until Lesotho was

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<sup>20</sup> M. Thabane, "Aspects of colonial Economy and Society, 1868-1966" in N. W, Pule and M, Thabane (eds), *Essays on Aspects of the Political Economy of Lesotho 1500-2000*, (Roma, Lesotho: Department of History, National University of Lesotho, 2002), pp.103-104.

<sup>21</sup> Thabane, "Aspects of colonial Economy and Society, 1868-1966" in Pule and Thabane (eds), p.104.

annexed to the Cape Colony. Lesotho was governed directly from the Cape starting in 1871. The Cape Colony government had to decide whether to allow Basotho to continue being self-sufficient peasant producers, depriving them of the government's construction projects, farms, and mines for labour, or to destroy Basotho's economic self-sufficiency and force them into wage labour. In the end, the colonial administration opted for the second approach, launching an initiative that made it more difficult for the Basotho people to sustain themselves. Basotho men were compelled to seek wage labour. The key instruments of capital that played a role in this struggle were the government's severe taxation and its political influence, including revolution and warfare.<sup>22</sup>

This provided the framework for understanding the succession of hostilities between the colonial rule and indigenous cultures in Southern Africa throughout the 1870s and 1880s. The goal of all of these battles was to set up the area for capitalist exploitation. A key principle of the colonial policies of the Cape was the monetization of Lesotho citizenship and the advantages that came with it, including land acquisition for residential and agricultural purposes. One of the most effective ways to monetize Lesotho's economy was through taxes. Colonial officials emphasized that the main method of paying taxes should be with cash. Grain and animal equivalents for the cash payment were established in a way that discouraged these kinds of payment, even though payment in these forms was permitted. This was because the taxpayers had to bear the expense of maintaining the cattle and grain.<sup>23</sup>

The British seized control of Lesotho in 1884, primarily due to a combination of factors related to colonial expansion, regional politics, and internal tensions within Basotho society. In the late 19th century, Lesotho experienced a period of significant political turmoil and internal division among differing factions of Basotho society. This instability created an environment

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<sup>22</sup> Thabane, "Aspects of colonial Economy and Society, 1868-1966" in Pule and Thabane (eds), pp. 106-110.

<sup>23</sup> Thabane, "Aspects of colonial Economy and Society, 1868-1966" in Pule and Thabane (eds), pp. 106-110.

ripe for external intervention, particularly for British colonial interests. The British Empire, concerned about maintaining control over its territories and minimizing the influence of rival forces, saw an opportunity to assert its authority in Lesotho. The expansionist ambitions of Boer settlers from the neighboring Transvaal and the Orange Free State posed a direct threat to Basotho sovereignty. Fearing that these settlers would annex Basotho lands, the British aimed to establish a foothold in the region, thereby protecting Lesotho from potential exploitation and loss of autonomy. By asserting control, the British sought to safeguard their colonial interests while also accessing the region's rich resources and agricultural potential, which we appealed to colonial ambitions.<sup>24</sup>

In response to the internal disarray and external threats, the British moved decisively to annex Lesotho. This formal annexation was not only about territorial gain; it was also about implementing a regulatory framework that would allow the British to manage local affairs more effectively. By consolidating their administrative authority, the British could oversee the Basotho population and their resources, ensuring that they exploited the economic potential of the territory to the fullest extent. Despite the imposition of British colonial regulations, the new administration recognized the importance of local governance structures and traditional Basotho customs. The British decided to retain certain elements of the existing governance system, a pragmatic choice that facilitated smoother administration. By allowing traditional leaders to continue in their roles, the British could leverage the established local authority to implement colonial policies more effectively. This approach had several strategic advantages. It reduced the bureaucratic burden on the British administration by utilising familiar systems, thus avoiding the need for an entirely new governance framework. Moreover, by allowing Basotho traditions and legal practices to persist, the British helped to foster a sense of

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<sup>24</sup> E. A. Eldredge, *Power in Colonial Africa: Conflict and Discourse in Lesotho, 1870–1960*, (University of Wisconsin Press, 2007).

collaboration between the colonizers and the colonised, which diminished the likelihood of widespread resistance. Understanding the cultural significance of these traditions, the British aimed to sustain social order and stability, essential components for the effectiveness of their colonial rule.<sup>25</sup>

As a result, colonial regulations were put in place to control certain aspects of Basotho's society, yet they were still allowed to uphold their ancient civil code. In this system of two courts, colonial judges presided over cases requiring the application of colonial law, while chief's courts heard customary cases. To make chieftainship an effective part of the colonial legal and administrative system, the colonial administration took the place of the people as the source of the chief's tenure. Chiefs were only permitted to remain in office for as long as colonial authorities trusted them.<sup>26</sup> Moreover, the chiefs were given responsibilities during colonisation, which included assisting in the hiring of labour, collecting taxes, and enforcing the system's prescribed modifications. These jobs validated the chiefs' willingness to support colonial rule and provided them with tangible rewards, strengthening their relationship with the colonial authorities. This collaboration witnessed the utilisation of the chiefs' authority. The common people and their chiefs became estranged as a result, and the chiefs started to take more advantage of them.<sup>27</sup>

During the colonial period in Lesotho, the economy was heavily dependent on wool and mohair production. The British colonial government encouraged Basotho farmers to focus on sheep and goat farming as a way to stimulate economic development in the region. Wool and mohair were valuable commodities that could be traded on the international market, providing a source of income for the Basotho people. However, while trade in wool and mohair brought economic

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<sup>25</sup> Eldredge, *Power in Colonial Africa: Conflict and Discourse in Lesotho, 1870–1960*,

<sup>26</sup> Thabane, "Aspects of Colonial Economy and Society, 1868-1966" in Pule and Thabane (eds), p.105,

<sup>27</sup> Thabane, "Aspects of Colonial Economy and Society, 1868-1966" in Pule and Thabane (eds), pp.105-106,

benefits to Lesotho, it also led to the exclusion of the Basotho people from fully benefiting from their own resources. The British colonial government and European traders controlled the production and marketing of wool and mohair, often exploiting Basotho farmers by paying low prices for their products.<sup>28</sup> In addition, the colonial government implemented policies that favoured European traders and landowners, further marginalising the Basotho people. As a result, many Basotho farmers were unable to access fair prices for their wool and mohair, leading to economic inequality and poverty in the region. The colonial economy in Lesotho was characterised by trade in wool and mohair, which provided economic opportunities but also resulted in the exclusion and exploitation of the Basotho.<sup>29</sup>

This socio-economic backdrop set the stage for considerable political upheaval, particularly from the late 20th century onward. Chief Leabu Jonathan's tenure as Prime Minister of Lesotho, spanning from 1966 to 1986, marked a significant and tumultuous chapter in the nation's political history.<sup>30</sup> Following his 1966 election victory as head of the Basotho National Party (BNP), Leabua was crowned a pivotal figure in shaping the political landscape of the newly independent nation. Upon ascending to office, Leabua's government faced considerable challenges in unifying a country deeply fragmented by colonial legacies and tribal allegiances. His initial policies aimed at promoting economic development and reducing reliance on South Africa were met with mixed results.

Advocating for a Basotho-centric development strategy, Leabua sought to foster national pride and autonomy. However, his inability to overcome entrenched socioeconomic disparities

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<sup>28</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

<sup>29</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

<sup>30</sup> R. Stevens, "Democratic Consolidation in Sub-Saharan Africa; A Study of Benin, Lesotho and Malawi", Dissertations and Theses, City University of New York, (2013).

contributed to widespread discontent.<sup>31</sup> The political landscape shifted dramatically following the 1970 elections. Although the BNP won a controversial victory, the opposition parties, notably the Basotho Congress Party (BCP), disputed the results, claiming electoral fraud. In response to this burgeoning political crisis, Leabua declared a state of emergency and suspended the constitution, an act that would solidify his grip on power but also sow the seeds of unrest. His refusal to relinquish power, despite growing opposition, was heavily influenced by advice from his ministers and security chiefs, particularly the Police Mobile Unit (PMU), which operated with heightened repression against dissent.<sup>32</sup>

This authoritarian turn set the stage for escalating tensions in Lesotho, culminating in the military coup of 1986. By this time, Leabua's administration had become increasingly isolated, and internal divisions within the BNP, along with widespread public discontent, weakened the government's legitimacy. Various factions within the military and political spheres grew impatient with the regime's inability to foster stability, leading to a coup led by Major General Justin Lekhanya, which ultimately resulted in Leabua's ousting. The interregnum following the coup ushered in a period of military rule, severely stifling political engagement and exacerbating existing grievances within the populace. It would not be until the early 1990s that Lesotho would begin to grapple with the consequences of Leabua's legacy, both the authoritarian practices that became entrenched during his rule and the socio-political fragmentation that came to characterise the nation. In 1993, a new democratic dispensation emerged, reflecting a collective yearning for political transformation.<sup>33</sup>

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<sup>31</sup> R. B. Leanya, "Church and State Relations in Lesotho: A Theological Reflection on Catholic and Reformed Contributions 1833-2007", Master's Thesis, University of Western Cape, (2013).

<sup>32</sup> C. Monyane, "Lesotho's Transition to Democratic Rule: An Era of "Fragile" Democracy", Degree of the Master of Social Science, University of Kwazulu-Natal, (2005).

<sup>33</sup> L. M. Letshele, "A Critical Analysis of the Recurrence of Coups in the Kingdom of Lesotho – 1970-2014", ProQuest Dissertations & Theses, University of Johannesburg in South Africa, (2019).

In the aftermath of this democratic shift, the Lesotho government confronted the dual challenges of solidifying political advancements while addressing longstanding economic problems. The new administration undertook various reform initiatives aimed at revitalising an economy that had suffered from years of mismanagement by previous governments. A key focus of these reforms was the wool and mohair industry, a vital component of Lesotho's economy that provided significant income for many rural households. Recognising this sector's potential to spur national economic growth, the government post-1993 implemented policies designed to boost production and enhance marketing infrastructure. Efforts were initiated to elevate the quality of local wool and mohair to meet international standards, thereby increasing their competitiveness in global markets.<sup>34</sup>

The cooperative movement in Lesotho, particularly in the wool and mohair industry, is a significant aspect of the nation's economic history post-1993. Following years of political turbulence and economic mismanagement, the new administration sought to revitalize this crucial sector, recognizing its potential to improve rural livelihoods and stimulate broader economic growth. However, it is essential to contextualize the development of cooperatives within the historical framework of the preceding years and the subsequent structural adjustments. In the years leading up to 1993, during the government of the Basotho National Party (BNP), the foundation for agricultural cooperatives was laid. The BNP's regime initiated the establishment of cooperatives with the aim of organizing farmers and enhancing production capabilities within the wool and mohair sectors.<sup>35</sup> These cooperatives were designed to facilitate collective bargaining, improve access to markets, and provide a structure through which farmers could share resources and knowledge. However, while the cooperatives aimed

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<sup>34</sup> E. K. B. Ntuny, "Labour Dispute Resolution in Southern Africa: A Study of Emerging Trends and Realities in Botswana, Lesotho and Swaziland", Degree of Doctor of Philosophy, University of Cape Town, (2016).

<sup>35</sup> S. Maliehe, "A History of the Lesotho Chamber of Commerce and Industry, 1976–1993", *South African Historical Journal*, Vol. 70, Issue 4, (2018), pp.674-688.

to empower farmers, there were significant challenges, including government control and insufficient support for effective operation.<sup>36</sup>

The transition to a democratic government in 1993, led predominantly by the Basotho Congress Party (BCP) and its coalition partners, including the Lesotho Congress for Democracy (LCD), the landscape for these cooperatives began to shift. The new administration sought to reform the economy through various initiatives aimed at enhancing the productivity and competitiveness of the wool and mohair sector. This included a renewed focus on empowering cooperatives, providing training on best practices, and improving the marketing and pricing structures to ensure that farmers received fair compensation for their produce.<sup>37</sup> Despite these initiatives, it is crucial to acknowledge the impact of structural adjustment programs, which became prominent in the 1990s as part of broader economic reforms imposed by international financial institutions. These programmes often necessitated the privatisation of state-owned enterprises and a reduction in government involvement in various sectors, including agriculture. Consequently, many of the cooperatives established under the BNP regime faced new challenges, including a lack of support and resources, which undermined their initial objectives.<sup>38</sup> As the years progressed, initiatives such as the Agricultural Marketing Regulations of 2018 were introduced to further regulate the marketing of wool and mohair, ensuring the creation of a fair and transparent market for Basotho farmers. This regulatory framework represented a continuation and evolution of the government's commitment to bolster the wool and mohair industry, sustain economic development, and empower local agricultural communities. Through these concerted efforts, the Lesotho government has aimed to navigate

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<sup>36</sup> Maliehe, "A History of the Lesotho Chamber of Commerce and Industry, 1976–1993",

<sup>37</sup> Monyane, "Lesotho's Transition to Democratic Rule: An Era of "Fragile" Democracy",

<sup>38</sup> Monyane, "Lesotho's Transition to Democratic Rule: An Era of "Fragile" Democracy",

the complexities of economic challenges while building a more stable and prosperous future for its citizens.<sup>39</sup>

### **Summary**

The history of the Basotho nation is marked by a series of significant shifts and challenges that shaped their socio-economic landscape. The Lifaqane wars fundamentally disrupted traditional life, leading to the loss of land to Boer settlers in what is now the Free State province of South Africa. This period of upheaval initiated a profound transformation in how Basotho interacted with their environment, as they faced not only territorial encroachments but also an increasing economic dependency on external forces. The arrival of missionaries introduced new cultural dimensions to Basotho life, while the introduction of novel animal and crop varieties altered agricultural practices. However, the colonial economy soon overshadowed local interests, favouring European settlers and limiting Basotho's market participation. While the trade in wool and mohair emerged as a crucial income source for many Basotho families, they often found themselves excluded from the profits generated by this industry. This economic marginalisation rendered the Basotho vulnerable in a rapidly changing landscape.

Despite these adversities, the Basotho demonstrated remarkable resilience and adaptability. They maintained their cultural traditions and a strong sense of national identity throughout these changes. The transition from the military rule to a multiparty democracy in the early 1990s marked a pivotal moment in the nation's progression. Establishing a democratic government in 1993 accompanied attempts to reform traditional industries, particularly wool and mohair, and a broader commitment to economic development. This new governance model aimed to restore civil liberties while promoting socio-economic advancement for Basotho.

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<sup>39</sup> Ntummy, "Labour Dispute Resolution in Southern Africa: A Study of Emerging Trends and Realities in Botswana, Lesotho and Swaziland",

Though challenges persisted, these reforms laid a foundation for a more sustainable and resilient economy. The legacy of these efforts continues to influence Lesotho's socio-economic landscape as the nation navigates the complexities of modern governance and strives for development in the contemporary world.

## CHAPTER 2

### The Origins and Formations of Lesotho National Wool and

#### Mohair Growers Association

##### Introduction

The wool and mohair industry is a cornerstone of Lesotho's economy and culture, deeply embedded in the traditional livelihoods of its population.<sup>1</sup> Historically, livestock husbandry, particularly sheep and goat farming, served as a measure of wealth amongst Basotho.<sup>2</sup> Despite its importance, prior to the establishment of the Lesotho National Wool and Mohair Growers Association (LNWMGA) in 1980, farmers faced numerous challenges, including limited access to markets, poor pricing structures, and inadequate support systems.<sup>3</sup> This chapter delves into the formation and significance of the LNWMGA, highlighting its role in empowering farmers and promoting industry standards.

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<sup>1</sup> E. L. Makhetha, "Small Scale Artisanal Diamond Mining and Rural Livelihood Diversification in Lesotho" PhD Thesis, University of Pretoria, (2016).

<sup>2</sup> B. Sansom, *The Bantu-Speaking Peoples of Southern Africa*, (Taylor & Francis, 1974).

<sup>3</sup> Lesotho National Wool and Mohair Growers Association Profile, Maseru.

## Establishment of Lesotho National Wool and Mohair Growers Association

Picture 2: shows the office of Lesotho National Wool and Mohair Growers Association in Maseru



The LNWMGA was formally established in 1980 during the tenure of Prime Minister Jonathan Leabua, who led the country from 1965 to 1986. Recognising the struggles of wool and mohair farmers, the Lesotho government initiated the creation of the association to advocate on behalf of the producers. Motivated by the need for better organisation and representation, the LNWMGA aimed to unite wool and mohair farmers across Lesotho's four agro-ecological zones (Highlands, Foothills, Lowlands, and Senqu River Valley) with the highest concentration in the Highlands. The association was launched with the core objective of reducing the costs associated with transporting wool and mohair to markets, and to create a robust support system for local farmers. It emphasised the importance of producing clean, high-quality wool and mohair, which were critical to improving market competitiveness.<sup>4</sup>

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<sup>4</sup> Lesotho National Wool and Mohair Growers Association Profile,

## **Lesotho National Wool and Mohair Growers Association membership and political affiliation**

The LNWMGA primarily comprises sheep and goat farmers dedicated to wool and mohair production. Membership is organised through a structured representation system involving shearing sheds across the country. Each shed contributes two members to the District Wool and Mohair Committee, forming a three-tiered structure designed to ensure that every farmer's voice is represented. This collaborative approach fosters a strong sense of community among producers. In addition to promoting best practices in sheep shearing and goat kidding to maintain high-quality products, the LNWMGA enhances the bargaining power of its members. By working collectively, farmers are better positioned to negotiate favorable terms with buyers, processors, and auctioneers.<sup>5</sup> Politically, the LNWMGA is recognised as an influential entity within Lesotho's agricultural sector. While it is not a political party, the association's activities and advocacy can impact agricultural policies and government decisions related to the wool and mohair industry.<sup>6</sup> The LNWMGA often collaborates with government agencies and other stakeholders to influence legislation and policies that promote its members' interests. This involvement helps ensure that the voices of wool and mohair producers are considered within the broader agricultural discussions.<sup>7</sup>

Faki Monyatsi, the treasurer of LNWMGA asserted that the organisation was not aligned with any political party, allowing its membership to encompass individuals from various political affiliations, as well as those with no political ties.<sup>8</sup> For instance, Khatebe Mokhutle articulated that he belonged solely to the LNWMGA and was not affiliated with any political party in

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<sup>5</sup> Lesotho National Wool and Mohair Growers Association Profile,

<sup>6</sup> M. A. Rantlo, *Integration of Small-Scale Mohair Farmers into the Commercial Agricultural Economy in Lesotho: A New Institutional Economics Approach*, degree of Doctor of Philosophy, Rhodes University, (2018).

<sup>7</sup> Lesotho National Wool and Mohair Growers Association Profile,

<sup>8</sup> Interview with Faki Monyatsi, Maseru, March 2024.

Lesotho.<sup>9</sup> Similarly, Khosi Moletsane, a committee member of the Tsoloane shearing shed, shared that he, too, was independent of any political party.<sup>10</sup> Another member, Ts'epo Moalosi, confirmed his non-affiliation with political parties in Lesotho while being an active member of the LNWMGA.<sup>11</sup>

Despite its ostensibly inclusive membership, the LNWMGA appeared to be predominantly influenced by individuals from Congress parties. In an interview with the former Minister Tefo Mapesela in April 2024, he characterised the LNWMGA as largely a Democratic Congress (DC) organisation, citing the long-term chairmanship of Mokoenehi Thinyane, a congress member, as evidence. Mapesela argued that Thinyane's prolonged leadership since the organisation's inception reflected the interests of Congress party members rather than the broader farmer constituency.<sup>12</sup> In response, Thinyane insisted that the LNWMGA was indeed open to all farmers in Lesotho, irrespective of their political affiliations, and that all members were treated equitably. While acknowledging his membership in the Congress party, he emphasised that this did not influence his role within the LNWMGA. He maintained that the election of the chairperson was determined by a democratic process involving the participation of all shearing sheds in Lesotho, which he believed underscored the legitimacy of his continued leadership.<sup>13</sup>

### **Influence of the Lesotho National Wool and Mohair Growers Association on farmers and trade**

The LNWMGA has had a transformative impact not only on the lives of farmers but also on the broader trade dynamics within the wool and mohair industry. By implementing

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<sup>9</sup> Interview with Khatebe Mokhutle, Liphiring, May 2024.

<sup>10</sup> Interview with Khosi Moletsane, Mabalane, May 2024.

<sup>11</sup> Interview with Ts'epo Moalosi, Hara-Phokoane, April 2024.

<sup>12</sup> Interview with Tefo Mapesela, Maseru, April 2024.

<sup>13</sup> Interview with Mokoenehi Thinyane, Maseru, May 2024.

comprehensive training programmes and instituting rigorous quality control measures, the LNWMGA has enabled local producers to enhance their agricultural practices, thereby increasing their production efficiency and product quality.<sup>14</sup> This was particularly evident in the 2015/2016 wool season, where an impressive 97% of the wool produced in Lesotho was exported, underscoring the successful connection established between local farmers and international markets. Beyond empowering individual farmers, the LNWMGA has played a vital role in advocating for fair pricing structures, thereby ensuring that producers receive equitable compensation for their high-quality products. This advocacy is crucial given the competitive nature of global markets, where price fluctuations can significantly affect local economies.<sup>15</sup>

The association's commitment to upholding industry standards elevates the quality of wool and mohair produced and enhances the overall marketability of its members' offerings, contributing to a more robust trade environment. Moreover, the LNWMGA fosters collaboration with various agricultural organisations, promoting sustainable practices that benefit individual farmers and contribute to the conservation of Lesotho's land resources. This collective effort towards sustainability enhances the country's reputation in global markets, attracting buyers who prioritize environmentally responsible sourcing. As a result, the LNWMGA's initiatives have improved farmers' livelihoods and strengthened Lesotho's position in the international trade landscape, ensuring that the wool and mohair industry remains a vital pillar of the national economy.<sup>16</sup>

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<sup>14</sup> Lesotho National Wool and Mohair Growers Association Profile,

<sup>15</sup> L. Whitfield, "Current Capabilities and Future Potential of African Textile & Apparel Value Chains: Focus on West Africa," *Centre for Business and Development Studies*, (2022).

<sup>16</sup> K. S. Jacobina, "An Analysis of the Competitiveness of Lesotho's Wool and Mohair Industry", ProQuest Dissertations & Theses, University of Pretoria, (2020).

## Summary

The wool and mohair industry is integral to Lesotho's economy and cultural identity, historically linked to the wealth and livelihoods of its people. Recognising the challenges facing wool and mohair farmers establishing the LNWMGA in 1980, the government sought to create a unified representative body to advocate for the interests of producers. Formed under Prime Minister Leabua Jonathan's government, the LNWMGA was designed to enhance market access and reduce transportation costs while also promoting the production of high-quality wool and mohair. The association's membership structure is organised through local shearing sheds, with a three-tiered system allowing farmers from diverse geographical zones to elevate their collective voice. This organisation fosters a sense of community and also amplifies members' bargaining power in negotiations with buyers and processors. Although it is non-partisan, the LNWMGA wields significant influence in the agricultural sector, engaging with government entities to shape policies that align with the interests of wool and mohair producers.

Despite claims of inclusivity, there are perceptions that the LNWMGA is predominantly influenced by members associated with Congress parties, a notion contested by association leadership emphasising democratic processes in representation and election. The LNWMGA substantially contributed to improving farming practices through training and quality control initiatives. Its efforts have resulted in remarkable trade achievements, exemplified by the export of 97% of Lesotho's wool during the 2015/2016 season. By advocating for fair pricing and maintaining industry standards, the association has ensured that producers are fairly compensated, further enhancing their products' marketability. Additionally, its commitment to sustainable agricultural practices positions Lesotho favourably in international markets, solidifying the wool and mohair sector as a cornerstone of the national economy.

## **CHAPTER 3**

### **Introduction of the Agricultural Marketing (Wool and Mohair Licensing)**

#### **Regulations of 2018**

##### **Introduction**

The wool and mohair industry is a keystone of Lesotho's economy, generating an annual turnover exceeding R800 million.<sup>17</sup> For decades, this sector flourished under the framework established by the regulations of 1974, which empowered farmers with the freedom to sell their products through any channel they chose.<sup>18</sup> This liberal market environment nurtured strong relationships between farmers and traders, paving the way for a mutually beneficial partnership. However, the Agricultural Marketing (Wool and Mohair Licensing) (Amendment) Regulations No. 65 of 2018 drastically altered this equilibrium, imposing new restrictions and licensing requirements. This chapter will elucidate the details surrounding the new regulations, including their drafting and consultation processes, implementation, and the widespread reactions they provoked among stakeholders.

##### **Establishment of the Agricultural Marketing Regulations of 2018**

In 2018, the government of Lesotho recognised the imperative need for regulatory oversight in the wool and mohair industry, given the sector's significance to the nation's economy and livelihood. With the introduction of comprehensive legislative measures, the Agricultural Marketing (Wool and Mohair Licensing) (Amendment) Regulations No. 65 of 2018 emerged as a pivotal framework to promote orderly trade practices while safeguarding the interests of local farmers and the government. The legislative process began on May 18, 2018, when the

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<sup>17</sup> J. B. Knight, *A Comparative Analysis of South Africa as a Semi-Industrialised Developing Country*, (Cambridge: University Press, 2008).

<sup>18</sup> C. Boehm, *Land and Labour: Agrarian Change in Post-Retrenchment Lesotho*, Nordic Africa Institute, (2005).

Honorable Minister of Agriculture and Food Security, presented the proposed regulations to the National Assembly of Lesotho. The legislative scrutiny fell to the Portfolio Committee on the Economic and Development Cluster, which was entrusted with examining the provisions of the new regulations as stipulated by Standing Order No. 100 (3). In a further exercise of due diligence, the committee engaged the Ministry of Agriculture and Food Security under Standing Order No. 101, facilitating a thorough review process involving multiple stakeholders.<sup>19</sup>

The Agricultural Marketing Regulations of 2018 were structured around three thematic pillars: licensing, export prohibitions, and penalties for infractions. The licensing framework introduced various categories aimed at enhancing local revenue streams and fostering economic resilience. Specifically, licenses were established for sectors including wool and mohair shearing, brokerage, testing, trading and auctioning, processing, and exporting. This diversification of licenses was anticipated not only to generate income for the government through taxes but also to alleviate costs for farmers by fostering a local trading environment and reducing reliance on distant markets.<sup>20</sup> Equally significant was the regulation's stipulation against the early export of wool and mohair. This prohibition underscored the importance of structured brokerage and proper preparation before any sale could occur, ensuring that transactions were conducted transparently and with due diligence. The regulations aimed to bolster local economic activity and reinforce the sector's sustainability by mandating that wool and mohair be appropriately brokered before export. The regulations delineated stringent penalties for unauthorised operations to further maintain the integrity of the wool and mohair

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<sup>19</sup> The Portfolio Committee on the Economic Development Cluster, Report on the Agricultural Marketing (Wool and Mohair Licensing) regulations, Maseru, (2019).

<sup>20</sup> M. Kao, "Lesotho Wool and Mohair Saga: What does Statistical Data Say?", Public Eye, 7<sup>th</sup> August 2019.

sector. These provisions were instrumental in deterring illicit activities, thereby fostering a more secure trading environment and promoting compliance among industry participants<sup>21</sup>

The Agricultural Marketing Regulations of 2018 represented a critical step towards modernizing Lesotho's wool and mohair industry by implementing structured oversight that aimed to enhance economic viability, protect local farmers, and ensure that the benefits of the wool and mohair trade remained within the country. Through careful legislation, the government sought not only to regulate, but also to optimise the potential of a sector vital to its agricultural landscape.

### **Consultation and Participation**

In the realm of policy implementation, particularly within the agricultural sector, the involvement of key stakeholders is crucial for fostering transparency and ensuring that regulations meet the needs of those most affected. Agricultural Marketing Regulations of 2018 case serves as a pertinent example of a policy rollout characterised by a notable absence of stakeholder consultation, specifically regarding the LNWMGA and individual farmers. Leading up to the introduction of these regulations, it became evident that the processes lacked sufficient participation from all concerned stakeholders. Both the LNWMGA and farmers reported feeling sidelined, having first learned of the impending regulations through media channels rather than through direct communication from government authorities. This disconnect highlights a significant oversight in the policy-making process, as those directly impacted by the regulations were not afforded the opportunity to voice their opinions or contribute to discussions that would shape their livelihoods.<sup>22</sup>

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<sup>21</sup> The Portfolio Committee on the Economic Development Cluster, Report on the Agricultural Marketing (Wool and Mohair Licensing) regulations,

<sup>22</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulations 2018 and subsequent amendments of 2019, Maseru, (2020).

Lethusang Monare, a farmer affected by these developments, illustrates this miscommunication effectively. According to Monare, he and his comrades were taken completely by surprise when payment for their sheared wool and mohair, expected in October, a routine occurrence, failed to materialize. Only then did they discover that the Lesotho government had instituted a ban on the trade of wool and mohair with foreign markets, effectively trapping their products within national borders. Such drastic measures, taken without prior consultation, left farmers grappling with the consequences of policies they had no role in shaping.<sup>23</sup>

The sentiments shared by Monare resonate with those expressed by Moshoeshoe, who corroborates the claim that both the LNWMGA members and individual farmers were largely excluded from the regulatory decision-making process. Moshoeshoe points to a pivotal moment on 18<sup>th</sup> May 2018, when members of the Portfolio Committee finally sought the farmers' perspectives on the regulations, now tabled before Parliament. Their request for input, however, came well after crucial policy decisions had already been made, underscoring the lack of genuine engagement with stakeholders throughout the regulatory process.<sup>24</sup>

This historical episode reveals a broader concern regarding agricultural policy in Lesotho and highlights the importance of inclusive consultations in future policymaking endeavours. Policymakers can foster effective, equitable, and sustainable agricultural practices by ensuring that stakeholders like the LNWMGA and farmers are actively involved in discussions and decisions that affect their industry.

### **Implementation of the Agricultural Marketing Regulations of 2018**

On August 30, 2018, the government of Lesotho officially implemented the Agricultural Marketing Regulations of 2018, a pivotal set of guidelines designed to govern the trading and

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<sup>23</sup> Interview with Lethusang, Monare, Tsoloane, March 2024.

<sup>24</sup> Interview with Khotsang Moshoeshoe, Maseru, April 2024.

sale of wool and mohair within the nation. This regulatory framework emerged after a period of deliberation and engagement with key stakeholders in the agricultural sector, particularly sheep and goat farmers, as acknowledged by the Ministry of Small Businesses, Cooperatives, and Marketing. The regulations mandated that any trade in wool and mohair must be conducted under a license issued by the Ministry, effectively curtailing unregulated trading practices that had previously proliferated. Under these new laws, farmers were required to ensure that their wool and mohair were prepared, brokered, and auctioned within Lesotho before any export could take place. This stipulation aimed to reinforce local industry standards while controlling the quality of products that could leave the country.<sup>25</sup> Despite the government's claims of extensive consultation, there were significant concerns regarding the inclusivity of such dialogues. Notably, farmer representatives like Moshoeshoe raised objections, asserting that the consultations were skewed and allowed only select individuals to voice their opinions. This lack of comprehensive farmer representation raised questions about the legitimacy of the feedback process and the regulations themselves.<sup>26</sup>

The government argued that the Agricultural Marketing Regulations would instigate a transformative impact on Lesotho's wool and mohair sectors. The Minister of Small Businesses, Cooperatives, and Marketing, Chalane Phori, emphasised that these regulations would stabilise market prices for wool and mohair and encourage the formalisation of trade within the sector. Trade licenses were to be a prerequisite, reinforcing the visibility and legal standing of farmers' businesses. Furthermore, the regulations imposed strict conditions for international trade; farmers could not export wool and mohair unless they could demonstrate compliance with domestic testing and sales processes.<sup>27</sup> The implementation of these

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<sup>25</sup> M. Kao, "Lesotho Wool and Mohair Saga: What does Statistical Data Say?",

<sup>26</sup> L. Rakotsoane, "Wool and Mohair Farmers Want New Rules Blocked", The Post, 7<sup>th</sup> December 2022.

<sup>27</sup> L. Mofubetsoane, Ministry of Small Businesses Introduces the Agriculture and Marketing Wool and Mohair Regulation, Harvest FM, 23 May 2018.

regulations marked a significant shift in the agricultural landscape of Lesotho, aiming to elevate standards and practices within the wool and mohair trade. However, the perceived shortcomings in engagement and consultation with grassroots farmers raised concerns about the effectiveness and fairness of these regulations in truly benefiting the sector they were designed to regulate.

### **Popular Responses, Resistance and Outcry**

The implementation of the Agricultural Marketing Regulations of 2018 in Lesotho has sparked significant controversy among the LNWMGA and individual farmers, who argue that the regulations serve more to benefit private interests than to support the livelihoods of those dependent on wool and mohair production. According to LNWMGA, the Ministry of Small Business Development, Cooperatives, and Marketing, through its Principal Secretary, notified the Association in writing on 14<sup>th</sup> May 2018 that a consultative meeting on wool and mohair marketing would take place on 30<sup>th</sup> May 2018.<sup>28</sup> They were, therefore, surprised to see that the Regulations dealing with the same issue had been tabled on 18<sup>th</sup> May 2018, earlier than the previously stated date. LNWMGA members, who are the majority shareholders, learned through the media that farmers would now be sold at the Lesotho Wool Centre in Thaba-Bosiu. They were unaware of the reasoning behind this decision. In their plea to the Portfolio Committee, the LNWMGA stated that the Agricultural Marketing Regulations of 2018 would negatively affect the livelihood of a large number of Basotho people who depend on wool and mohair.<sup>29</sup>

The LNWMGA expressed dismay upon receiving notification from the Principal Secretary of the Ministry of Small Business Development, Cooperatives, and Marketing about a

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<sup>28</sup> The Portfolio Committee on the Economic Development Cluster, Report on the Agricultural Marketing (Wool and Mohair Licensing) regulations,

<sup>29</sup> The Portfolio Committee on the Economic Development Cluster, Report on the Agricultural Marketing (Wool and Mohair Licensing) regulations,

consultative meeting scheduled for 30<sup>th</sup> May 2018. They were taken aback when the regulations were tabled just days prior, on May 18, before they had the opportunity to discuss the issues at hand. Furthermore, LNWMGA members learned through media reports that the Lesotho Wool Centre in Thaba-Bosiu would now serve as the sole selling point for wool and mohair, leaving them in the dark about the rationale behind this sudden shift.<sup>30</sup> Members of the association conveyed concern that the regulations might inadvertently foster a monopoly by prioritising licenses for private individuals and businesses, effectively sidelining cooperatives and collective organisations. While the LNWMGA expressed a desire to see wool and mohair sold within Lesotho eventually, they emphasised that the country was not prepared for such a transition at that moment. Their collaboration with BKB, a private company with which they shared a cooperative relationship, was highlighted as critical for their continuity in the market. The prevailing sentiment among farmers was that government actions seemed to target BKB, potentially pushing it out of the Lesotho market through heavy tax demands and account freezes. This perspective was bolstered by a report from AmaBhungane News, which pointed out that in February 2018, the government levied allegations against BKB for tax evasion. Subsequently, BKB's accounts were frozen, but an ensuing legal battle established that the company owed no taxes, and the High Court ordered the release of its funds. Despite this, BKB faced continued scrutiny and questionable allegations of tax liability.<sup>31</sup>

Isak Staats, a manager at BKB, defended the company against accusations, noting that they had complied with tax regulations and had engaged third-party auditors to ensure transparency. He argued that many of the tax assessments were based on non-existent legislation, leading to unwarranted allegations of wrongdoing. Phori, a government representative, suggested that

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<sup>30</sup> The Portfolio Committee on the Economic Development Cluster, Report on the Agricultural Marketing (Wool and Mohair Licensing) regulations,

<sup>31</sup> The Portfolio Committee on the Economic Development Cluster, Report on the Agricultural Marketing (Wool and Mohair Licensing) regulations,

BKB had failed to report taxes deducted from farmers' payments, which, had they been forwarding these to the South African Revenue Service (SARS), should have resulted in tax remittances back to Lesotho through customs arrangements.<sup>32</sup> The situation was further complicated by the fact that specific members of the government, including Phori, Mapesela, and Energy Minister Mokoto Hloaele, had established a business focused on wool and mohair just before the introduction of the new regulations. This revelation raised eyebrows and fueled claims that the regulations were tailored to favour those with political ties rather than serving the broader interests of farmers. Khotsang Moshoeshe, speaking to AmaBhungane News, posited that the new arrangement was designed to benefit a select few ministers, who stood to profit significantly from these legislative changes. However, in the same interview with AmaBhungane News, Moshoeshe further asserts that farmers believed that BKB was being forced out of Lesotho by tax demands and freezing order. According to BKB, an ongoing effort was to damage the company's reputation.<sup>33</sup>

In the same interview with AmaBhungane News, Moshoeshe defended the actions of BKB, asserting that the organisation had been beneficial to the LNWMGA. He suggested that the government's attempts to sever ties with BKB were motivated by their own interests rather than the common good. Moshoeshe explained that BKB provided essential financial support to LNWMGA, which allowed them to establish revenue-generating facilities and hire full-time staff. Furthermore, he emphasised that LNWMGA owns approximately 3% of BKB, which contributes to its influence and involvement in the wool industry. Highlighting the tangible benefits of this partnership, he noted that over 130 wool sheds in Lesotho collectively earned more than R1 million annually, a financial benefit that would not be available under the current governmental arrangement. Additionally, Moshoeshe pointed out that, prior to their

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<sup>32</sup> L. Ntsukunyane, "The Tangled Web of the Lesotho Wool War", AmaBhungane, 11 October 2018.

<sup>33</sup> Ntsukunyane, "The Tangled Web of the Lesotho Wool War",

association with BKB, the members of LNWMGA were ineligible for loans from Basotho banks, a situation that has since changed due to BKB's support.<sup>34</sup>

AmaBhungane News has reported the concerns raised by Staats regarding the 2018 regulations, which he described as short-sighted and misguided. He argued that these regulations did not support the interests of Lesotho's wool and mohair producers. Instead they seemingly were for the benefit of LWC under the leadership of Shi and government members. Alongside the political opposition, the growers' association criticised the new legislation for favouring three cabinet ministers who had created a company related to wool and mohair cultivation shortly before the regulations were implemented. It is important to note that it is uncommon for cabinet ministers to establish companies while holding office in Lesotho. A review of the Lesotho companies' register confirmed that in May 2018, Phori, Mapesela, and Energy Minister Mokoto Hloaele formed a company called *Masimo a Matala*, which was set up to engage in various business activities, including the raising of sheep and goats.<sup>35</sup>

In an interview with AmaBhungane News, Moshoeshe highlighted concerns regarding potential conflicts of interest among certain government ministers involved in the wool and mohair sectors. He asserted that ministers Phori and Mapesela were fully aware of their financial stakes in a new arrangement that would benefit them significantly, leading to their vigorous attempts to prevent local wool farmers from exporting their produce to South Africa. This situation raised suspicions about motives behind government policies that appeared to favour specific business interests. Moshoeshe also pointed to Yan Xie, a local business mogul and the personal trade adviser to the then Prime Minister Thabane, as a pivotal figure in this controversy. Opposition MPs and the agricultural association specifically called out Yan, who

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<sup>34</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

<sup>35</sup> Ntsukunyane. "The Tangled Web of the Lesotho Wool War",

was informally known as "John" throughout Lesotho, accusing him of exploiting his position within the prime minister's office by prioritising the financial interests of the Chinese community in Lesotho. Such actions, they claimed, undermined the indigenous Basotho population and facilitated the advancement of a new policy framework that seemed designed to benefit a minority at the expense of the broader community.<sup>36</sup>

The sentiment among the interviewees was one of deep concern that the government was enacting policies not in the interest of the Basotho, but rather to serve the economic objectives of the Chinese minority within Lesotho. While direct evidence to substantiate these suspicions appeared elusive, the overarching narrative suggested a systematic alignment of governmental actions with the interests of a specific demographic, further exacerbating tensions between local farmers and authorities. This context painted a troubling picture of governance, where policy decisions potentially favoured a foreign constituency, raising questions about transparency and accountability in the nation's leadership.<sup>37</sup> Despite widespread dissatisfaction, the LNWMGA did take legal measures to challenge the implementation of the 2018 regulations, filing an urgent application in the High Court to declare certain sections unconstitutional. Their request was ultimately denied, leading the LNWMGA to inform the Minister of Small Businesses Development, Marketing, and Cooperatives of their compulsory compliance with the regulations requiring them to auction their wool and mohair at the LWC in Thaba-Bosiu.<sup>38</sup> Daniel Selikane, a farmer added concerns to the conversation about the transportation of wool and mohair, confirming reports that while some regions adhered to the regulations, others resisted the requirement to move their products to Thaba-Bosiu. He noted that significant discontentment amongst farmers regarding the government's mandate was

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<sup>36</sup> Ntsukunyane. "The Tangled Web of the Lesotho Wool War",

<sup>37</sup> Ntsukunyane. "The Tangled Web of the Lesotho Wool War",

<sup>38</sup> Rakotsoane, "Wool and Mohair Farmers Want New Rules Blocked", The Post, 7<sup>th</sup> December 2022.

palpable, with some shearing sheds outright refusing to comply.<sup>39</sup> Monare corroborated this sentiment, acknowledging ongoing disagreements between farmers and the government about the logistics of wool and mohair transfer, but ultimately accepting the decision that the goods would be funneled to Thaba-Bosiu.<sup>40</sup>

### **Summary**

The Agricultural Marketing (Wool and Mohair Licensing) Regulations of 2018 were introduced by the government of Lesotho in response to the need for regulatory oversight in the wool and mohair industry, which plays a critical role in the nation's economy, generating over R800 million annually. These regulations marked a departure from the more liberal market conditions established by the 1974 regulations, imposing new licensing requirements and restrictions to promote orderly trade practices and protect local farmers and government interests. The legislative process began on 18<sup>th</sup> May 2018, when the Minister of Agriculture and Food Security presented the proposed regulations to the National Assembly. The Portfolio Committee on the Economic and Development Cluster scrutinized the proposed changes and engaged with various stakeholders through a review process. Ultimately, the regulations were established around three main pillars: licensing, export prohibitions, and penalties for non-compliance. A diverse range of licenses was introduced for activities related to wool and mohair, including shearing, trading, and exporting, which aimed to enhance local revenue and create a more sustainable economic environment.

Despite the intention behind these regulations, the process of drafting and consultation came under criticism for being insufficiently inclusive. Many farmers and members of the LNWMGA reported feeling side-lined. They only became aware of the imminent regulations through media reports, leading to feelings of betrayal and confusion. Some farmers were particularly distressed when they

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<sup>39</sup> Interview with Daniel Selikane, Ha-Maama, April 2024.

<sup>40</sup> Interview with Lethusang Monare, Tsoloane, March 2024.

learned about the new export restrictions that trapped their products within the national market without their input. When the regulations were officially implemented on 30<sup>th</sup> August 2018, they dictated that any wool and mohair trading within Lesotho would require a license, thus significantly curtailing unregulated trading practices. Farmers were now obliged to prepare, broker, and auction their products domestically before considering export. While the government argued that these measures would stabilize market prices and promote formal trade practices, many local farmers remained unconvinced, feeling that the lack of genuine consultation undermined the regulations' fairness and effectiveness.

The response from the LNWMGA and individual farmers was one of resistance and outcry. Members expressed concerns that the new regulations favoured private interests, potentially fostering monopolistic practices detrimental to cooperatives. They also highlighted the sudden shift to the Lesotho Wool Centre in Thaba-Bosiu as the sole selling point without consultation or explanation, which could jeopardise the livelihoods of many reliant on the industry. Allegations of favouritism emerged as well, with suspicions that the regulations were tailored to benefit a select group of political figures who had established business interests in wool and mohair just prior to the legislation's introduction. This situation raised significant concerns about potential conflicts of interest and the implications for local farmers, who felt that the new policies catered more to these ministers' interests rather than their own.

In light of the growing dissatisfaction, the LNWMGA sought legal recourse against the regulations. Although the High Court denied their application to declare specific sections unconstitutional, the ongoing unrest was palpable, with some farmers resisting compliance with the government's mandates on product transfer logistics. The chapter illustrates a tumultuous period in Lesotho's agricultural policy landscape, marked by poor communication, contentious regulatory changes, and the pressing need for more inclusive stakeholder consultation in future policymaking endeavours.

## CHAPTER 4

### Failures and Impacts of the Agricultural Marketing Regulations

#### Introduction

The previous chapter explored exclusionary practices surrounding the implementation of the Agricultural Marketing Regulations of 2018, and the marginalization of the Lesotho National Wool and Mohair Growers Association. These developments set the stage for significant changes impacting farmers in Lesotho, particularly those involved in the wool and mohair industry. For over 40 years, farmers had been accustomed to direct sales of their products, often utilizing South African brokers, whom they preferred for the assurance of swift and higher payments.<sup>41</sup> However, with the introduction of the new regulations in 2018, this long-standing practice was abruptly disrupted. The Agricultural Marketing Regulations specifically mandated that farmers sell their wool and mohair solely through the LWC in Thaba-Bosiu, eliminating farmers' ability to engage in external markets. This shift not only limited their options, but also imposed significant economic hardships. Compelled to comply with the regulations, farmers expressed reluctance yet ultimately conformed to the new requirement. The forthcoming chapter delves into the outcomes of these regulations, analysing how they have further impoverished wool and mohair farmers in Lesotho and examining the broader consequences for the agricultural sector.<sup>42</sup> In doing so, we will uncover the ramifications of centralized control and the implications of excluding farmer associations from critical decision-making processes that affect their livelihoods.

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<sup>41</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulations 2018 and subsequent amendments of 2019, Maseru, (2020).

<sup>42</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulations 2018 and subsequent amendments of 2019,

## **Impact of Agricultural Marketing Regulations of 2018 on farmers**

From 2019, a difficult situation unfolded for wool and mohair farmers in Lesotho, particularly those associated with the LNWMGA. Many farmers have reported that they either did not receive payments or were undercompensated by the LWC. Efforts by the LNWMGA to address these grievances were met with resistance, as they were informed that their influence on the matter was limited. The original intent of the Centre was to enable Basotho farmers to earn higher profits from their wool and mohair. However, as expressed by Monyatsi, this goal has not materialised for many. Farmers continue to face delays in payment for their harvested goods, which has compounded their frustration. In contrast, South African broker BKB has gained a reputation for providing quicker and more substantial payments, which has led many farmers to prefer selling their wool and mohair to BKB instead of LWC. This preference highlights ongoing challenges faced by Basotho farmers in achieving fair compensation, and the struggles of institutions meant to support them.<sup>43</sup>

Mamaria Mohale, serving as the secretary of LNWMGA, acknowledged that the introduction of the 2018 regulations had significantly disrupted the timely payments that farmers had previously relied upon. The alterations in the payment system led to a drastic reduction in the returns that wool and mohair producers received, with profits plummeting by nearly fifty percent. Consequently, these farmers found themselves facing prolonged delays in receiving payment for their goods. This unfortunate chain of events pushed many of them into a state of poverty, where they became increasingly reliant on charitable aid to sustain their livelihoods.<sup>44</sup> The introduction of new regulations in late 2018 significantly disrupted established marketing channels and the associated value chains within the wool and mohair industries. As a direct

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<sup>43</sup> Interview with Faki Monyatsi, Maseru, March 2024.

<sup>44</sup> Interview with Mohale Mamaria, Maseru, March 2024.

consequence of these changes, many farmers found themselves facing severe financial distress due to delayed payments for their produce. Thinyane, illustrated this predicament when he shared that after sending his wool to market at the end of September 2018, he received only half of what he had garnered in the previous auction season in South Africa. His experience was echoed by countless other farmers, many of whom were left in uncertainty regarding their payment statuses. Noteworthy among those affected, were members of the royal family, some of whom reported that they had received no compensation for their produce at all. Chief Masupha Seeiso was one of the few who received a partial payment.<sup>45</sup>

Many, including Tebello Sello from the Mpharane shearing shed in Mhales' Hoek, found themselves in a desperate situation. Sello explained the financial strain he faced as a wool and mohair farmer under the new regulations, which compelled him to incur debts due to the late payments received from the LWC. The delayed disbursements thrust him into poverty, as he struggled to meet his financial obligations, including the payment of his shepherds. Sello's situation escalated as he ran out of funds, further complicating his ability to compensate his workers. This financial shortfall led to a tarnished reputation, with his shepherds concluding that he had deceived them by withholding their payments, despite the reality that he was a victim of delayed payments himself. Ultimately, the breakdown in payment systems forced him to take drastic measures; with no one available to care for his sheep due to the abandonment by his shepherds, he had no choice but to sell some of his flock to manage their declining numbers. This series of events highlights the detrimental impact of regulatory changes on the lives and livelihoods of farmers within the wool and mohair sectors, exposing them to systemic vulnerabilities that jeopardised not only their financial stability but also their social standing within their communities.<sup>46</sup> The lives of wool and mohair farmers underwent a profound

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<sup>45</sup> Interview with Mokoenehi Thinyane, Maseru, May 2024.

<sup>46</sup> Interview with Tebello Sello, Liphiring, March 2024.

transformation due to regulatory changes, with significant personal tragedies impacting their livelihoods. Raubi Moletsane, a farmer associated with the shearing shed in Tsoloane, recounted the dire consequences stemming from the 2018 regulations that nearly dismantled his life. The regulations not only caused a significant financial crisis but also resulted in the loss of human life, as some farmers, unable to sustain themselves, passed away while awaiting payment for their products. Moletsane's own experience illustrates the devastating ramifications of these regulations. He lamented that, despite producing wool from his lambs, he did not receive any payment for selling wool from 175 sheep.<sup>47</sup>

Rather than monetary compensation, he was issued a receipt, which merely reflected the debt owed to him by LWC. As of the time of his account, he remained unpaid, heightening his distress. The financial strain was compounded by his son's education at the Center of Accounts College; Moletsane was unable to provide the necessary support for his son's studies, ultimately leading him to sell his sheep to mitigate the overwhelming burden. The overall impact of the regulations on Moletsane's family was severe, leaving them in a state of hardship. He contended that it was unjust for the government to impose such arduous measures on farmers, particularly considering that their sole source of income stemmed from the cultivation of wool and mohair. This primary occupation became all but worthless due to the constraints of the 2018 regulations, leaving farmers like Moletsane in a desperate situation where their only means of sustenance had been stripped away. The narrative of his struggles underscores the broader crisis facing wool and mohair farmers in the region, marking a pivotal moment in their histories characterized by loss and hardship.<sup>48</sup>

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<sup>47</sup> Interview with Raubi Moletsane, Mohales' hoek, April 2024.

<sup>48</sup> Interview with Raubi Moletsane, Mohales' hoek, April 2024.

Teboho Leleka, the assistant chairperson of the LNWMGA, agreed with Moletsane's concerns regarding the detrimental impact of regulatory changes on their wool and mohair business. The two emphasised that these changes had severely affected an industry that many families depended on for their livelihood.<sup>49</sup> Thinyane elaborated on the scale of this dependency, highlighting that the association boasted approximately forty thousand members, each of whom, on average, had three direct dependents, specifically a spouse and two children.<sup>50</sup> This statistic underscores the extensive network of individuals reliant on the industry for financial support. In addition to the members themselves, Thinyane pointed out the critical roles played by others within the industry, noting that there were around 900 shearing personnel, 660 individuals involved in classification, 300 packing machine operators, and a substantial workforce of 80,000 shepherds.<sup>51</sup>

Collectively, these figures illustrate not only the importance of the wool and mohair sector to the economy, but also its far-reaching social implications for the community.<sup>52</sup> The impact of the 2018 regulations on the wool and mohair industry in Lesotho reverberated through various sectors, significantly affecting farmers and transport operators alike. Initially, farmers who relied on the sale of their produce as a means to combat poverty, found themselves struggling when payment for their wool and mohair became severely delayed. These regulations, intended to enhance the industry's framework, inadvertently resulted in financial distress, leaving farmers in precarious situations where they transitioned from self-sufficiency to dependency on charity. Simultaneously, transport operators who had been regularly contracted to deliver wool to storage facilities in Maseru, faced their own challenges. With payments for wool and mohair not being disbursed in a timely manner, many transporters found themselves stranded

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<sup>49</sup> Interview with Teboho Leleka, Maseru, March 2024.

<sup>50</sup> Interview with Mokoenehi Thinyane, Maseru, March 2024.

<sup>51</sup> Interview with Mokoenehi Thinyane, Maseru, March 2024.

<sup>52</sup> Interview with Mokoenehi Thinyane, Maseru, March 2024.

financially. Those fortunate enough to receive payment discovered that the sums were far less than what they had previously earned when the BKB managed the marketing of these products. This created a ripple effect throughout the industry, as both farmers and transporters struggled to adapt to the newly imposed regulations that were meant to streamline operations. In essence, the implementation of the 2018 regulations, rather than alleviating poverty, contributed to the very conditions it sought to eliminate, forcing hardworking farmers who aimed to uplift themselves through their produce into a state of beggary. The combined economic strain on farmers and transport operators illustrated the unintended consequences of regulatory changes, transforming a once-thriving industry into one rife with hardship and dependency.<sup>53</sup>

In this challenging period for the agricultural sector, Basotho farmers faced significant hardships as market prices for wool and mohair plummeted by 35%.<sup>54</sup> This sharp decline left them vulnerable and reliant on external assistance to meet their basic needs. Compounding the issue, many farmers experienced financial strain as they awaited payments for fabric they had delivered to Thaba-Bosiu, further tightening their economic situation. For these farmers, wool and mohair represented not merely a source of income, but the backbone of their livelihoods. To cultivate high-quality products, producers invested considerable resources, time, money, and energy in the care of their sheep and goats. This dedication was essential, as it directly influenced their profitability at auction. Despite their efforts, however, the adverse market conditions rendered their hard work insufficient to provide the financial stability they relied upon, demonstrating the precariousness of their situation and the deep interconnectedness between it and the broader economic landscape.<sup>55</sup>

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<sup>53</sup> Interview with Thinyane M, Maseru, March 2024.

<sup>54</sup> M. Sebusi, "Wool and Mohair Farmers Thrust into Dire Poverty", Public Eye, 17<sup>th</sup> July, 2020

<sup>55</sup> M. Sebusi, "Wool and Mohair Farmers Thrust into Dire Poverty",

In 2018, the implementation of the Agricultural Marketing Regulations had a profound impact on the mohair industry, leading to significant job losses and heightened unemployment. Nts'ebe Sankoela, the administrator of LNWMGA, noted a stark decline in employment as many farmers exited the mohair business, perceiving it to be unbeneficial. This exodus forced numerous individuals, including herders, shearers, and transport workers, into unemployment, compelling them to seek work both within Lesotho and in foreign markets. The industry's fragility was particularly evident as most of its workforce comprised unofficial wage earners, whose employment was not captured in the country's official labour statistics.<sup>56</sup> Although Sankoela mentioned that traders and farmers reported the localisation of the wool and mohair trade as having generated 110 full-time positions, the overwhelming sentiment was that the 2018 regulations had ultimately exacerbated job losses rather than created sustainable employment opportunities.<sup>57</sup> The situation highlighted the disconnection between regulatory intentions and actual economic outcomes, painting a stark picture of the challenges facing those reliant on the mohair sector for their livelihoods.<sup>58</sup> In the realm of agricultural practices related to wool and mohair production, tensions emerged between farmers and the shearing sheds, primarily due to financial arrangements and regulatory changes. It began with an understanding that farmers would contribute a portion of their wool and mohair to the shearing sheds. This agreement was intended to support the financial responsibilities of the sheds, including staff remuneration.

Wool and mohair were traditionally transported to Thaba-Bosiu in bales, where the shearing sheds played a crucial role in processing and distributing these commodities. However, a significant shift occurred when LWC, a vital stakeholder in this system, asserted that the

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<sup>56</sup> Interview with Nts'ebe Sankoela, Maseru, April 2024.

<sup>57</sup> Interview with Nts'ebe Sankoela, Maseru, April 2024.

<sup>58</sup> Interview with Nts'ebe Sankoela, Maseru, April 2024.

ownership of the wool and mohair lay with the farmers, not with the sheds. This assertion led to a conflict over ownership and compensation, as LWC declined to reimburse the shearing sheds for their operational expenses.<sup>59</sup> LWC argued that the sheds were taking advantage of the farmers and expressed concerns regarding the tax implications tied to their involvement. The fallout from this dispute had profound consequences. Lacking the necessary financial support from LWC, the shearing sheds struggled to fulfil their payroll commitments, resulting in layoffs and a workforce reduction.<sup>60</sup> This downturn marked a sharp contrast to the previous prosperity experienced during the BKB era, when the sheds flourished. The situation worsened in 2018 with the implementation of new regulations, prompting several wool and mohair producers to withdraw from the shearing industry entirely. This exodus further intensified the economic hardships faced by the sheds and underscored a period of significant unrest in the agricultural sector. The developments surrounding ownership, financial support, and regulatory changes reveal the intricate dependencies among farmers, shearing sheds, and governing entities. As these relationships deteriorated, the wool and mohair industry experienced substantial transformation, highlighting the volatility of economic interactions within this agricultural framework.<sup>61</sup>

The LWC was anticipated to create numerous employment opportunities and significantly benefit the local economy. However, Ts'eliso Rapuleng, a farmer, revealed that the outcomes were far from expectations. During the implementation of the LWC, there was little accomplished, and the benefits largely accrued to a select few individuals responsible for managing the initiative in Thaba-Bosiu. Despite being rightful owners of wool and mohair, the

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<sup>59</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, p.42.

<sup>60</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, p.42.

<sup>61</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

farmers found themselves largely excluded from the advantages touted by the program. Rapuleng's assertions highlight the disparity between the intended goals of the LWC and the actual impact it had on the local farming community, underscoring a significant oversight in ensuring the equitable distribution of resources and benefits.<sup>62</sup> They were never employed in the LWC, which employed its own people based on their political affiliation. LWC failed to put producers of wool and mohair before anyone else, which is why they were not considered when LWC was hiring. A farmer, Mosuoe Majara asserted that farmers would have been given first preference over others as they are the major stakeholders.<sup>63</sup> Labour was needed for tasks like unloading and packing bales from trucks, but none of the producers were hired for that position. The plant that was allegedly constructed to clean wool and mohair before being auctioned was never put into operation. This is why the regulations failed to increase employment and skill levels in the wool and mohair industry. According to Majara, raw wool and mohair were still up for auction. He further commented that additional observations indicated that LWC appeared to lack the knowledge, equipment, facilities, trained staff and financial resources necessary to function in the wool and mohair industries. As a result, it was unlikely that LWC would advance its capabilities or add to its employment base due to its lack of resources.<sup>64</sup>

Despite the new regulations being in place, the Lesotho Revenue Authority (LRA) was unable to take advantage of any potential opportunities. Wool and Mohair Promotion Project (WAMPP) report of 2020 stated that this continued a pattern that began before the marketing laws were introduced in 2018, specifically with regard to the Value Added Tax (Amendment) Act of 2003 which stated that any agricultural product exported straight from the nation is free

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<sup>62</sup> Interview with Ts'eliso Rapuleng, Ha-Maama, April 2024.

<sup>63</sup> Interview with Majara Mosuoe, Ha- Mokhesi, April 2024.

<sup>64</sup> Interview with Majara Mosuoe, Ha- Mokhesi, April 2024.

from value-added tax, even those produced by subsistence farmers. It was only then when the produce was bought and sold by a broker or trader, that income tax and VAT became due. These payments were also subject to levels that were periodically set by the finance minister.<sup>65</sup> Most of the farmers' produce in the past was sold in South Africa, whereby people working in the Lesotho value chain were mostly free from taxes. However, corporate taxes and VAT were collected in South Africa at the time of sale and as the LRA was not compensated, this resulted in a loss for the national government of Lesotho. This system had been in place for a few decades, and one of the things that motivated the push toward localisation was the need to address this issue.<sup>66</sup>

The 2018 regulations did not succeed in raising of national tax. Selikane affirmed that during their trade with BKB, it paid a 15% tax for Basotho's wool and mohair.<sup>67</sup> The government and LWC said BKB was defrauding wool and mohair farmers by forcing them to pay tax revenue when it was their obligation to do so. In this particular instance, Selikane agreed with the government, but also made the point that, in the era of BKB, they were paid fairly and on schedule for their produce at the same time, LWC had not carried out its obligation to compensate farmers of wool and mohair.<sup>68</sup> Their working relationship with BKB was so good that BKB would normally purchase the bale bags that farmers used to put the wool and mohair in after the shearing along with sheep and goats' medication. BKB would then deduct that money from the Basotho farmer's payments. Selikane underlined that LWC paid tax revenue notwithstanding their assertion that the buyer, not the seller, was accountable for paying tax revenue. LWC paid 15% of tax revenue to the government, which was then intended to be used

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<sup>65</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

<sup>66</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, p.42.

<sup>67</sup> Interview with Daniel Selikane, Ha-Maama, April 2024.

<sup>68</sup> Interview with Daniel Selikane, Ha-Maama, April 2024.

to purchase medications for farmers, which was the same tax revenue that was paid by BKB before, and LWC failed to grow it as they promised to.<sup>69</sup> However, the farmers found it difficult to obtain these medications from the government. In addition, he said that paying tax revenue while working with BKB was preferable to not paying tax revenue with LWC and receiving nothing.<sup>70</sup>

### **Impact of the Agricultural Marketing Regulations of 2018 on Traders**

Traders faced extra expenses to adhere to the regulations, including securing the required licenses and permits, establishing quality control processes, and fulfilling other obligations. These regulations restricted the number of traders operating in the market, potentially diminishing competition and causing prices to rise for consumers. Additionally, traders encountered difficulties in modifying their supply chains to align with the regulations, which hindered the delivery of wool and mohair to purchasers, resulting in a loss of market access. Traders failed to comply with regulatory requirements and they found themselves barred from accessing specific markets, both within their own country and abroad. Reduced profitability also rose as the expenses linked to compliance and potential market interruptions affected traders' earnings because they could not transfer these costs to consumers.<sup>71</sup>

Wool and mohair were sold on the black market in South Africa. Moteane confirmed that in June 2018, they were sold for roughly M600 per kilogram.<sup>72</sup> Meanwhile, they discovered that LWC through its owner Shi, had taken their wool to South Africa and was selling it for a pitiful M120 per kilogram at the black market after failing to find a buyer. It was stipulated that less than 20,000 farmers had gotten their money from LWC after a protracted delay. The farmers

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<sup>69</sup> Interview with Daniel Selikane, Ha-Maama, April 2024.

<sup>70</sup> Interview with Daniel Selikane, Ha-Maama, April 2024.

<sup>71</sup> Y.T. Bah, "The Potential Impact of Trade on the Economy of Lesotho", degree of PhD, University of the Free State in South Africa (2007).

<sup>72</sup> B. Ntaote, How Wool and Mohair Farmers Were Tossed into Poverty, News, 13 July 2019.

received significantly less than they received in the past and had no idea how much their wool had been sold for. They were aware that, despite a 14% increase in pricing on the global market, the profits they received during the previous season were significantly higher.<sup>73</sup> These were the results of the secretive system managed by LWC as, mandated by the government, which prevented them from seeing that increase in their profits.”<sup>74</sup>

Lesotho Wool Centre in Thaba-Bosiu, held a monopoly in the wool and mohair industries and was the channel through which farmers were compelled to sell their produce. The LWC unfairly gained a monopoly thanks to the regulations, which displeased regional manufacturers. Instead of promoting a free and competitive market that would have benefited the producers of wool and mohair, the government fought for regulations that led to monopolies. These regulations were not supported by ministers who had an understanding of the economics of the wool and mohair business. Furthermore, the government was staffed by capable men and women who could have advised politicians on economic concerns.<sup>75</sup>

### **Impact of Agricultural Marketing Regulations of 2018 on WAMPP**

The findings of this study indicate that the new marketing regulations were harmful on WAMPP’s operations, both directly and indirectly. This has hindered the project's primary goal, which was to; "Enhance the economic and climate resilience of impoverished wool and mohair producers in the Mountain and Foothill Regions of Lesotho."<sup>76</sup> While the overall project faced challenges, certain specific outputs and outcomes were particularly impacted. Smallholder sheep and goat producers were expected to improve their production of high-

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<sup>73</sup> Ntaote, “How Wool and Mohair Farmers Were Tossed into Poverty,”

<sup>74</sup> Ntaote, “How Wool and Mohair Farmers Were Tossed into Poverty”,

<sup>75</sup> G. W. Ström, *Migration and Development: Dependence on South Africa: A Study of Lesotho*, University of Uppsala, (1978).

<sup>76</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

quality wool and mohair. However, due to insufficient access to dipping medications, livestock were left untreated, leading to a widespread outbreak of sheep scab. This situation diminished the quality of wool and mohair produced, ultimately affecting the prices they could achieve at auction.<sup>77</sup>

### Summary

The chapter comprehensively examines the significant adverse effects caused by the Agricultural Marketing Regulations of 2018 on wool and mohair farmers in Lesotho, particularly those affiliated with the LNWMGA. The introduction of these regulations mandated that farmers sell their products exclusively through the LWC, effectively curtailing their access to external markets and reverting to an antiquated marketing structure. This abrupt shift limited their trading opportunities and brought about severe economic repercussions, including delayed payments and reduced profitability. Reports from farmers indicate systemic financial distress as many encountered substantial delays in receiving payments for their goods, often resulting in significant losses. The LNWMGA's attempts to address these issues were met with resistance, highlighting the constraints on their agency under the new regulatory framework. Many farmers, accustomed to timely and fair compensation from South African brokers, found themselves struggling under the new regime, with profits plummeting by nearly 50%. Destitution became commonplace as farmers fell into crippling debt and dependency on charitable aid.

Personal narratives from farmers like Raubi Moletsane illustrate the devastating effects of regulatory changes, such as financial ruin resulting in the neglect of household responsibilities and, tragically, the loss of lives. The economic strain was also felt by ancillary sectors,

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<sup>77</sup> J. P. Hunter, *The Economics of Wool and Mohair Production and Marketing in Lesotho*, ISAS Research Report No.16 Institute of Southern African Studies, Maseru Lesotho, (1987).

including transport operators, who faced similar financial challenges and job losses owing to decreased demand for their services. The chapter discussed the broader implications of the Agricultural Marketing Regulations of 2018 on employment and the operational viability of shearing sheds. As financial support waned, many workers lost their jobs, forcing them to seek alternative livelihoods both domestically and abroad. The regulatory framework that aimed to enhance the wool and mohair industry paradoxically led to dangerous levels of unemployment and heightened vulnerability among the workforce in the sector. Further analysis reveals that, contrary to its goals, the LWC failed to fulfill its functions effectively, diverting benefits to a select few rather than the intended farming community. The overarching sentiment among farmers and trade stakeholders is one of disillusionment with the regulatory system, which appears to foster monopolistic practices rather than the intended competitive market dynamics.

The chapter concludes by underscoring the misalignment between the anticipated benefits of the Agricultural Marketing Regulations and the harsh realities faced by the wool and mohair industry. This case study serves as a cautionary tale about the complexities of agricultural policy implementation, particularly when it disregards the voices and conditions of those it aims to serve. It illustrates a broader crisis of governance and accountability in Lesotho's agricultural sector, calling into question the efficacy of policies that fail to prioritise the needs of local producers.

## CHAPTER 5

### The New Regulations and Popular Protests

#### Introduction

Following the implementation of the Agricultural Marketing of 2018, significant concerns surfaced among stakeholders, including LNWMGA, traders, and individual wool and mohair farmers, shortly after the regulations were enacted in May. The process by which LWC was granted exclusive rights as the sole broker was perceived as obscure, prompting allegations of intimidation and coercion directed towards producers who were pressured to sell their goods to LWC. Reports from various media sources further fueled suspicions, suggesting that the new regulatory framework was instituted for morally questionable reasons.<sup>1</sup>The consequences of these regulations manifested swiftly and extensively, disrupting long-established marketing channels and dismantling vital value chains. The adverse effects were felt most acutely by wool and mohair farmers, whose livelihoods were jeopardised, and some did not receive any payments for their produce.<sup>2</sup>

These developments represented a continuation of the failures highlighted in the previous chapter, which examined the broader implications and adverse outcomes of the 2018 Agricultural Marketing Regulations. As farmers struggled to cope with the abrupt changes, the agricultural sector as a whole faced a significant downturn. The subsequent chapter delves into the concerted efforts of individual farmers, and the LNWMGA as they mobilised to challenge the government's decision to uphold the contentious 2018 regulations. This account continues

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<sup>1</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, Maseru (2020), p.22.

<sup>2</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

the historical narrative by exploring the responses to the setbacks caused by the regulations, illustrating the resilience of stakeholders determined to reclaim their rights and restore stability to the wool and mohair industry.<sup>3</sup>

### **Amendment of the Agricultural Marketing Regulations of 2018**

In Lesotho, the wool and mohair farming community has faced significant challenges and discontent due to regulatory changes affecting their industry. Initially, a set of agricultural marketing regulations introduced in 2018 prohibited the export of domestically produced wool and mohair. This ban was intended to benefit local farmers by promoting domestic processing and value addition. However, the reality proved different, leading to widespread outrage among the 40,000 mostly impoverished farmers in the nation. Farmers reported not only receiving lower payments for their produce compared to previous years, but also experiencing delays in payment that further strained their livelihoods. The consequences of these regulations prompted ongoing unrest within the agricultural community, as farmers, their associations, and opposition parties collectively argued that the prohibition primarily served the interests of a select group of politicians at the expense of the broader industry. They contended that the regulations severely hindered the growth and sustainability of wool and mohair farming in Lesotho.<sup>4</sup>

In response to the mounting pressure, an ad hoc committee within the National Assembly was tasked with examining the impact of the 2018 regulations. Their findings culminated in the conclusion that amendments to the original regulation were necessary to alleviate the hardships faced by farmers. The culmination of these efforts resulted in the Lesotho Parliament lifting the controversial export ban, although the long-term effects of this decision remained to be

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<sup>3</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019,

<sup>4</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, pp.23-24

seen. By March 2019, following the regulatory changes, the Small Business Development, Cooperative and Marketing authority took steps to revitalize the sector. They granted a second brokering license to the Maluti Wool and Mohair Centre (MWMC), a locally based trading company, signaling a new phase for wool and mohair traders in Lesotho. Despite this progress, the struggle farmers endured continued, as many still grappled with the repercussions of previous regulations and sought to rebuild their livelihoods in a challenging economic environment.<sup>5</sup>

The landscape of wool and mohair trading in Lesotho has undergone a significant shift following the government's recent decision to permit multiple auctioneers and brokers to enter the market, thereby challenging the monopoly held by the LWC. For nearly two years, the LWC operated under exclusive government authorization, effectively controlling all aspects of auctioning and brokering these commodities. This monopoly reportedly led to systemic issues, with complaints arising from producers regarding underpayment and instances where they were neglectfully compensated. In a notable development, the government has officially certified the MWMC to participate as a competitor in this previously restricted market. The introduction of MWMC into the auctioning and brokering landscape marks a critical moment for local producers, as it has begun to provide them with marginally improved conditions and potential for better returns.<sup>6</sup> Nevertheless, the government's regulatory framework continues to impose restrictions that hinder the competitive landscape further; notably, a regulation prohibits the auction or brokerage of Lesotho's wool and mohair beyond its borders. This ongoing limitation remains a point of contention for local producers, as it constrains their ability to find better markets and potentially gain fairer prices for their goods. Thus, while the entry of MWMC into the market offers a glimmer of hope for farmers in Lesotho, it is set against a backdrop of

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<sup>5</sup> Wool and Mohair Promotion Project, Analysis of the Agriculture Marketing (Wool and Mohair Licensing) Regulation 2018 and Subsequent Amendments of 2019, pp.23-24.

<sup>6</sup> L. Philips, "Struggle' Continues for Lesotho Wool & Mohair Producers, Lesotho Times" 23 October 2019.

regulatory challenges and a historical context marked by monopolistic practices that have left many producers at a disadvantage. The future of the wool and mohair industry in Lesotho may depend on how these emerging competitive dynamics evolve against the persistent constraints imposed by government regulations.<sup>7</sup>

In the most recent sale organized by the MWMC, an average price of M355 per kilogram for kids' mohair was reported. This pricing, however, stands in stark contrast to the prevailing market rates in South Africa, where kids' mohair fetched an average price of M525 per kilogram during the same period.<sup>8</sup> The disparity in pricing highlighted a significant issue facing the wool and mohair producers in Lesotho. They found themselves restricted by governmental policies that prohibited them from selling their products in South Africa or accessing other potential markets. These restrictions not only limited the producers' ability to negotiate fair prices in a competitive environment but also placed them at a disadvantage compared to their South African counterparts.

Compounding these challenges were the fees associated with selling through MWMC, which charged a commission of 6.5% on total sales. Additionally, for those who managed to sell through the BKB Wool and Mohair facility in Port Elizabeth, a further 4% commission was deducted.<sup>9</sup> The situation encapsulates the complexities and struggles of Lesotho's wool and mohair industry, where local producers sought a viable market while grappling with governmental constraints and commission fees that eroded their potential earnings. As prices in South Africa painted a picture of a more favorable market, the limitations imposed on Lesotho's producers underscored the urgent need for reform to enable them to achieve fair compensation for their labour and products.<sup>10</sup>

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<sup>7</sup> Philips, "Struggle Continues for Lesotho Wool & Mohair Producers",

<sup>8</sup> Philips, "Struggle Continues for Lesotho Wool & Mohair Producers",

<sup>9</sup> Philips, "Struggle Continues for Lesotho Wool & Mohair Producers",

<sup>10</sup> Philips, "Struggle Continues for Lesotho Wool & Mohair Producers",

The wool and mohair industry in Lesotho has long faced significant challenges, intricately tied to government regulations that have hindered its growth and profitability. Producers argue that the economic viability of their operations would be markedly improved if they were allowed to ship their products for auction in Port Elizabeth, South Africa. This assertion is grounded in the stark financial realities of the industry; recent estimates suggest that the cost of transporting 30 tons of wool or mohair, a fee amounting to M27,000 would still result in greater profits compared to selling locally in Lesotho.<sup>11</sup> Key figures in the industry, such as Moshoeshoe, have vocally criticized the regulatory framework imposed by the Lesotho government, which they see as a significant barrier to market access. The struggle to repeal these regulations has become a central issue for producers, reflecting a broader discontent with the current economic environment. Staats, a noted spokesperson for the farmers, articulated frustration about the logistical hurdles that buyers face, having to navigate back and forth between Port Elizabeth and Lesotho. This process is not only costly but also consumes a great deal of time, detracting from the overall efficiency of the trade. The sentiments expressed by Staats highlight a yearning to return to a more favorable system in which Lesotho's wool and mohair producers could directly tap into the South African market. This historical context underscores the tension between local regulations and the potential benefits of international trade, revealing an industry caught in a struggle for survival and profitability. The call for reforms indicates a recognition that a more open market would better serve both producers and buyers, ultimately enhancing the economic landscape for wool and mohair in Lesotho and its surrounding regions.<sup>12</sup>

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<sup>11</sup> Philips, “Struggle Continues for Lesotho Wool & Mohair Produce”,

<sup>12</sup> Philips, “Struggle Continues for Lesotho Wool & Mohair Produce”,

## **The government's despotic inclinations**

The ongoing legal struggle between farmers and the government in Lesotho illustrates the complexities of agricultural regulation and the rights of producers. At the center of this conflict were the Agricultural Marketing Regulations of 2018, which mandated stringent restrictions on the sale and export of wool and mohair. These regulations effectively barred farmers from exporting their goods outside South Africa, resulting in a significant pushback from the farming community. The farmers contended that such regulations impeded their access to international markets and threatened their economic sustainability. In a pivotal ruling, Justice S. Peete of the High Court declared these 2018 regulations illegal. This landmark decision recognized the farmers' rights to engage in free trade, commanding the Ministry of Agriculture to facilitate export permits for farmers. It marked a significant judicial acknowledgment of the necessity for farmers to operate freely within a competitive market. The case gained traction as Mahloenyeng Trading, an association of wool and mohair producers, appealed the Ministry's refusal to issue necessary export permits. The High Court sided with Mahloenyeng Trading, deeming the Ministry's actions unconstitutional. This ruling not only reaffirmed the judiciary's commitment to support farmers' rights but also illuminated the prevailing tension between regulatory authorities and local producers' interests.<sup>13</sup>

This judgment not only underscored the judiciary's commitment to uphold farmers' rights, but also signified a critical moment in agricultural policy in the region, highlighting the tensions between regulatory authority and the interests of local producers. On 2<sup>nd</sup> April 2019, the government sought to contest this ruling and escalated the matter to the Court of Appeal, with the Attorney General, the Director of Veterinary Services, and the Ministry of Agriculture named as respondents. This move underscored the escalating nature of the legal struggle, as

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<sup>13</sup> M. Phakela, "Another Major of Victory for Wool and Mohair Farmers", Lesotho Times, 15<sup>th</sup> May 2019.

government entities attempted to retain control over agricultural exports despite the court's unequivocal ruling in favour of the farmers. As events unfolded, the implications of these legal battles would reshape the landscape of wool and mohair farming in Lesotho, fundamentally altering the relationship between rural producers and regulatory frameworks. The ongoing legal discourse encapsulated broader themes of agricultural policy, individual rights, and state authority, marking a pivotal moment in the history of the region's wool and mohair industry.<sup>14</sup>

The judiciary demonstrated its commitment to upholding the rights of applicants in their pursuit of export permits, particularly in the agricultural sector. The ruling not only reinforced the principle that government entities must act transparently and provide justifications for their decisions, but it also emphasised the importance of adherence to lawful processes in the regulation of agricultural marketing. The court's decision to overturn the rejection of the applicants' export permits reflects a growing recognition of the need to support farmers and agricultural businesses in Lesotho, particularly those reliant on international trade to sustain their livelihoods. This outcome serves as a reminder to regulatory bodies that their actions must align with established laws and respect the rights of stakeholders within the industry. Furthermore, the High Court's earlier nullification of the Agricultural Marketing Regulations of 2018 had already set a precedent for challenging restrictive policies that hinder farmers' ability to operate effectively in the market.<sup>15</sup> The combination of these rulings indicates a broader trend toward fostering a more favorable environment for agricultural commerce, ensuring that farmers can engage freely with the market without undue restrictions or arbitrary decisions from regulatory authorities. In light of these developments, it is clear that the government, particularly figures in leadership positions such as former Minister Phori, may need to reassess their strategies and policies regarding agricultural exports and market

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<sup>14</sup> Phakela, "Another Major of Victory for Wool and Mohair Farmers",

<sup>15</sup> Court of Appeal of Lesotho, C OF A (CIV) NO.20/2019, Minister of Small Business Development and Marketing v Lesotho National Wool and Mohair Growers Association, CIV/ APN/ 320/ 2018.

regulations to align with the judiciary's stance on these issues, or risk further legal challenges and public discontentment from the farming community.<sup>16</sup>

This escalation highlighted the government's reluctance to cede regulatory control, despite the clear legal framework asserting farmers' rights. Continuing the theme of governmental overreach, in May 2018, the Agricultural Marketing Regulations were introduced, leading to further legal challenges. Justice Mokhesi subsequently addressed the legality of these regulations, affirming that they contradicted the provisions of the Agricultural Marketing Act of 1966.<sup>17</sup> This act allowed wool and mohair producers the freedom to market their products through their selected brokers and from any location. The court concluded that the Ministry of Small Business, Cooperatives, and Marketing was liable for legal expenses arising from the regulations' implementation, declaring these regulations void and restoring the previous market framework.<sup>18</sup>

Following this ruling, the LNWMGA expressed their approval, contingent upon the government's compliance with the court's decision. In response, the Ministry of Small Business Development, Cooperatives, and Marketing indicated plans to invoke provisions of the Agricultural Marketing Act of 1967, which would allow the minister to dictate beneficial market arrangements for the wool and mohair sectors. Producers, however, harbored concerns regarding potential flaws in existing regulations if the government did not succeed in appeal. The agricultural community remained apprehensive, anticipating that the government could further hinder their market opportunities. The Ministry's decision to appeal the High Court's verdict led to a temporary extension of the 2018 regulations for an additional seven months,

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<sup>16</sup> Phakela, "Another Major of Victory for Wool and Mohair Farmers",

<sup>17</sup> Lesotho National Wool & Mohair Growers Association v Minister of Agriculture, Food and Security (CIV/APN 184 of 18) [2018] LSHC 28, 12 June 2018.

<sup>18</sup> Phakela, "Another Major of Victory for Wool and Mohair Farmers",

during which opposition grew more fervent, reflecting the intricate dynamics of governance in the wool and mohair sector in Lesotho.<sup>19</sup>

### **Farmers June Protest**

**Picture 5.1 Thousand of Angry Farmers Petition Parliament**



Source: [news@lescij.org](mailto:news@lescij.org), 1<sup>st</sup> July 2019.

As the situation worsened, thousands of farmers took to the streets in early 2019, marching to parliament to voice their grievances. This protest marked a pivotal moment in the farmer's struggle, as they rallied against a system that they felt was unjust and detrimental to their livelihoods. The impact of the regulations was severe, with approximately 48,000 farmers enduring a year without income, a devastating outcome reported by South Africa's Business Live.<sup>20</sup> In response to the mounting unrest and the pressure from continuous demonstrations over the ensuing months, the government reconsidered its stance. The agreement with the

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<sup>19</sup> Phakela, "Another Major of Victory for Wool and Mohair Farmers",

<sup>20</sup> P. Fihlani, Lesotho: Why a Dispute Over Mohair Led to a Parliamentary First-Fight, BBC News, 29 November 2019.

Chinese broker was ultimately terminated, indicating a shift in policy and a recognition of the farmers' plight. Despite this victory, the agreement's legacy lingered as authorities chose to maintain the policy of localising wool and mohair production. Farmers continued to express concerns about fair market pricing, as the government's restrictions on selling their products outside of Lesotho, particularly in South Africa, limited their ability to engage with broader markets. This scenario underscores a significant tension between government regulations and farmer autonomy, prompting widespread inquiry into whether these alterations will foster a more equitable distribution and enhance sustainability within the wool and mohair industries... The events that unfolded from 2018 to 2019, not only illustrated the immediate effects of regulatory policies on the agricultural community but also underscored the ongoing struggle for justice and fair trade within Lesotho's farming industry.<sup>21</sup>

**Picture 5.2 Farmers, Political Parties Pile Pressure on Thabane**



Source: *Lesotho Times*, 10<sup>th</sup> July 2019.

In June 2019, farmers in the capital city of Maseru, Lesotho, took to the streets in protest. Frustrated with the existing agricultural regulations, they demanded the freedom to sell their

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<sup>21</sup> Fihlani, "Lesotho: Why a Dispute Over Mohair Led to a Parliamentary First-Fight"

goods beyond existing arrangements that limited them to export through BKB, a broker based in South Africa. This situation arose despite the farmers previously relying on BKB for exports without significant issues. Their desire for more autonomy in marketing their produce highlighted the urgent need for regulatory changes. In October of the same year, lawmakers responded to mounting pressure from both farmers and opposition members of parliament by calling for the revocation of restrictive regulations. However, no new agreement was established by that time, leaving the farmers in limbo regarding their selling options. This was particularly significant for Lesotho, a small, landlocked nation of approximately two million people grappling with substantial socioeconomic challenges. Classified by the World Bank as one of the poorest countries in Southern Africa, Lesotho faced unemployment rates that fluctuated between 24 and 28%.<sup>22</sup> The farmers' concerns were compounded by the economic dynamics of the region. The Eastern Cape Province of South Africa, a key agricultural area, produced 53 percent of the world's mohair and hosted the largest mohair auction globally. As farmers in Lesotho worried that buyers might shift their attention to sourcing abroad, they grappled with the complexities transportation costs. This left many with little choice but to continue selling their products solely within Lesotho, highlighting the tangled interplay of regional economics and local agricultural practices.<sup>23</sup>

Despite the ongoing tension between the administration and the opposition, a meeting was scheduled to commence with the intention of addressing the concerns surrounding the current regulations. However, the mood quickly soured when opposition leaders learned that the Minister responsible would not be attending the parliamentary session to provide clarification on the matter. This revelation prompted a wave of unrest among the opposition, leading to a chaotic scene that forced the adjournment of parliament. As frustrations mounted, the situation

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<sup>22</sup> Fihlani, “Lesotho: Why a Dispute Over Mohair Led to a Parliamentary First-Fight”

<sup>23</sup> Fihlani, “Lesotho: Why a Dispute Over Mohair Led to a Parliamentary First-Fight”

escalated into violence as members from opposing parties confronted one another within the chamber. Reports indicate that a fistfight erupted, with MPs aggressively approaching each other. In the heat of the moment, wooden panels, documents, and various objects were hurled across the chamber, adding to the disorder. This incident not only highlighted the deepening divisions in the political landscape but also underscored the volatility of parliamentary proceedings when critical issues go unaddressed.<sup>24</sup>

In the heart of Lesotho, a significant chapter unfolded in the narrative of rural agrarian struggle, marked by the tensions between local farmers and foreign brokers. For over a year, these farmers were compelled to operate under the tightly controlled guidance of a Chinese broker, an arrangement that hovered ominously over their livelihoods. Many farmers expressed their discontent with this system, viewing it as an imposed structure designed to monopolise the wool and mohair industry, essential to the nation's economy. The dissatisfaction grew palpable as the farmers asserted that the broker's system left them grossly undercompensated, with some not receiving any payment for their hard work. This pervasive sense of injustice ignited protests, as farmers rallied together, threatening to escalate their grievances into large-scale demonstrations. Their calls for action reflected a broader struggle against economic exploitation, highlighting the deep-seated fractures within the agricultural framework of Lesotho.<sup>25</sup>

In response to this mounting discontent, the Lesotho government intervened, offering a reprieve that provided a glimmer of hope to the beleaguered farmers. Recognising the urgent need to address the systemic issues plaguing the wool and mohair sector, the government introduced a grace period. This period allowed farmers to divert their agricultural products to

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<sup>24</sup> Fihlani, "Lesotho: Why a Dispute Over Mohair Led to a Parliamentary First-Fight",

<sup>25</sup> L. Matlala, "Lesotho Govt Issues Temporary Reprieve to Wool, Mohair Farmers", SABC NEWS, 27<sup>th</sup> June, 2019.

markets of their choice, both within Lesotho and beyond, for three months. This strategic move was intended to alleviate the immediate burdens faced by farmers as they awaited the establishment of new wool and mohair brokers. Through this intervention, the government sought to empower farmers by granting them the autonomy to negotiate prices and terms that reflected the true value of their labour. For many, this shift represented more than a temporary relief; it was a potential turning point in their struggle for fair compensation and recognition within the industry. During this three-month grace period, farmers could reassert agency over their production, reclaiming some control over their economic destinies in a landscape that had often felt overwhelmingly dictated by external forces. As the narrative progressed, the outcome of this respite remained uncertain, yet it underscored the resilience of Lesotho's farmers and their unwavering fight for justice within a system that had sought to undermine their livelihoods. The events that transpired during this time would ultimately serve as a crucible for change, shaping the future interactions between local agricultural producers and the structures that governed their industry.<sup>26</sup>

LWC's monopoly was eventually struck down in the aftermath of massive street protests, the government was under increasing pressure after thousands of angry farmers staged "the ultimate demonstration" to force the government to repeal the 2018 regulations and allow them to sell their produce via South African brokers. They brought Maseru to a standstill in protest of the 2018 regulations that forbade them from selling their produce outside of Lesotho. The farmers marched to parliament from the Pope John II statue next to Maseru Mall, where they gave a petition to the National Assembly Clerk. The Ministry of Small Business, Cooperatives and Marketing's license requirement for trade in wool and mohair was the source of their dissatisfaction with the government's 2018 regulations. The LWC in Thaba-Bosiu was the only authorised local broker where they were permitted to sell their produce. Prior to the new

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<sup>26</sup> Matlala, "Lesotho Govt Issues Temporary Reprieve to Wool, Mohair Farmers",

regulations being implemented in 2018, the farmers opted to sell their wool and mohair to South African brokers, BKB, as they had done for 44 years.<sup>27</sup>

In an interview with Lesotho Times, farmers argued that BKB had assured them faster and larger payments than the LWC. Lesotho Congress for Democracy (LCD) leader Mothejoa Metsing, Democratic Congress (DC) leader Mathibeli Mokhothu, Socialist Revolutionaries (SR) leader Teboho Mojabela and Movement for Economic Change (MEC) leader Selibe Mochoboroane also accompanied the farmers on the march. Samuel Rapapa who was the chairperson of ABC, joined the demonstrators. Rapapa belonged to a faction that teamed up with the opposition to submit a no-confidence vote against Prime Minister Thabane.<sup>28</sup>

### **The government cut ties with Shi**

Following months of persistent protests and activism, the government of Prime Minister Thabane reached a pivotal decision to annul the contentious agreement with Shi and his company, LWC. This shift came after widespread demonstrations by wool and mohair producers who had expressed grave concerns about the monopoly that Shi, a Chinese national, exercised over the industry through his ownership of LWC. A significant turning point occurred when in June 2019, producers organised what was labeled the "mother of all demonstrations" in Maseru, demanding the repeal of regulations enacted in 2018 that severely restricted their marketing options and limited which brokers they could employ.<sup>29</sup>

In response to this mounting pressure, the government took decisive steps to open the wool and mohair market. The Prime Minister announced the termination of LWC's monopoly and the issuance of new licenses to five firms, including South African brokers such as BKB and OVK,

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<sup>27</sup> B. Mpaki, "Political Parties Pile Pressure on Wool Farmers on Thabane" Lesotho Times, 10<sup>th</sup> July 2019.

<sup>28</sup> Mpaki, "Political Parties Pile Pressure on Wool Farmers on Thabane",

<sup>29</sup> L. Mofubetsoane, "Ministry of Small Businesses Introduces the Agriculture and Marketing Wool and Mohair Regulation", Harvest FM, 23<sup>rd</sup> May, 2018.

as well as several local companies: Highlands Veterinary Services and Maluti Wool Centre. Frasers, a nearby business also received authorization to shear and store wool and mohair in substantial quantities. The inter-ministerial committee dedicated to wool and mohair, represented by the Minister of Small Business Development, Cooperatives, and Marketing, heralded this initiative as a move to boost competitiveness within the sector and improve the prices received by producers.<sup>30</sup>

The minister highlighted the cabinet sub-committee's decision to diversify the number of brokers and auctioneers available to producers, underscoring the importance of allowing Basotho farmers the freedom to select how and where to market their wool and mohair. This new regulatory environment aimed not only at providing more options for producers, but also at fostering healthier competition, ultimately leading to better pricing and improved business practices. The Prime Minister emphasized the potential benefits of engaging South African companies, which would help link the value chains of both nations, expanding the operational capacities of local stakeholders beyond traditional roles.<sup>31</sup>

Despite these optimistic advances, the government held firm on the regulations introduced in 2018, asserting their intention to empower local farmers. The Minister urged businesses to adhere to these rules while operating within Lesotho. Advocates of this newfound openness within the market, like Leleka, expressed gratitude for the government's recognition of the necessity for an open market and welcomed the new players entering the wool and mohair sectors. However, there remained apprehensions regarding the management of the current trading season, particularly issues surrounding reduced and delayed payments to producers.<sup>32</sup>

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<sup>30</sup> Mofubetsoane, "Ministry of Small Businesses Introduces the Agriculture and Marketing Wool and Mohair Regulation",

<sup>31</sup> Mofubetsoane," Ministry of Small Businesses Introduces the Agriculture and Marketing Wool and Mohair Regulation",

<sup>32</sup> Mofubetsoane," Ministry of Small Businesses Introduces the Agriculture and Marketing Wool and Mohair Regulation"

As discussions unfolded, figures within the industry began to reflect on the implications of the revised regulations. Mohlalefi Moteane articulated the farmers' victory in gaining the right to market their products through any preferred channels while simultaneously acknowledging ongoing challenges. He called attention to the resilience and unwavering determination shown by wool and mohair farmers against corruption. He also noted the significance of Port Elizabeth as a global hub for wool and mohair, asserting its importance for farmers aiming for better returns, given BKB's extensive history in the trade since the 1800s.<sup>33</sup>

Thinyane, echoing Moteane's sentiments, expressed the joy of the LNWMGA following the government's revision of the Agricultural Marketing Regulations of 2018. This change afforded farmers the ability to sell their products internationally through auctions, liberating them from the constraints that had previously forced many into black market dealings with LWC. The newfound opportunity to engage in legitimate international trade represented a significant shift for the producers, allowing them to reclaim a market position that they once enjoyed.<sup>34</sup> The government's actions bore the hallmark of a turnaround spurred by farmer activism. The issuance of new licenses marked not just the dissolution of a monopolistic grip but also a broader movement towards market reform, underscoring the farmers' pivotal role in advocating for a fairer, more competitive industry.

### **Summary**

In the aftermath of the 2018 Agricultural Marketing Regulations, which granted the LWC a monopoly on the market, significant unrest erupted among farmers in Lesotho. Initially intended to support local producers by restricting exports and promoting domestic processing, these regulations quickly led to outrage among the approximately 40,000 wool and mohair farmers who felt coerced into unfavorable deals and faced lower payments for their produce.

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<sup>33</sup> Interview with Mohlalefi Moteane, Maseru, April 2024.

<sup>34</sup> Interview with Mokoenehi Thinyane, Maseru, March 2024.

The opaque process behind LWC's exclusive rights and subsequent payment delays further fuelled suspicions of malpractice, leading to a decline in farmers' livelihoods. By mid-2019, the farming community's discontent had culminated in massive protests, reflecting a collective struggle against government policies perceived as serving the interests of a select political elite rather than local producers. Amid these protests, an ad hoc committee in the National Assembly acknowledged the negative impacts of the regulations, prompting a re-evaluation of the export ban enforced on wool and mohair. This pressure led to lifting the ban and introducing new competitive licensing for multiple auctioneers, including the Maluti Wool and Mohair Centre, signaling a shift towards a more open market.

Despite these developments, the government maintained certain restrictions that limited farmers' market access and profitability, particularly regarding exports to neighboring South Africa, where pricing was significantly more favorable. The disparity between Lesotho's selling prices and those in South Africa highlighted ongoing challenges and the urgency for further regulatory reforms to enhance farmer autonomy and earnings. Amidst these struggles, prominent figures within the industry continually advocated for market access, emphasising that government regulations must align with the realities of agricultural commerce. The legal landscape evolved as farmers engaged in legal battles against the government over the 2018 regulations. A notable High Court ruling declared the regulations illegal, reinforcing farmers' rights to engage in free trade. In response, the government escalated the matter, reflecting its determination to uphold its regulatory control. As tensions escalated, violent confrontations ensued within parliamentary proceedings, demonstrating the political volatility surrounding agricultural policies.

Following widespread demonstrations and a concerted public outcry, the government dismissed its arrangement with the Chinese broker, Shi, and the LWC monopoly began to crumble. The Prime Minister announced new licenses for multiple firms, including local

companies and South African brokers, thereby revitalising the market and providing farmers with more options to sell their goods. Though this shift was celebrated as a victory for farmers, concerns lingered about operational changes and the effectiveness of the new regulations in ensuring timely payments. Through this period of upheaval from 2018 to 2019, the resilience of Lesotho's wool and mohair farmers became apparent as they mobilised against repressive regulations and advocated for their rights. The eventual reforms illustrated the power of collective action in challenging regulatory frameworks that disadvantaged local producers, yet the evolving market dynamics left open questions about the future of wool and mohair production in Lesotho. As farmers reclaimed certain freedoms, the balance between government regulation and market autonomy remained a pivotal consideration for the industry's trajectory.

## CHAPTER 6

### **Conclusion: Towards the Enforcement of the New Regulations**

In 2018, the government of Lesotho introduced the Agricultural Marketing (Wool and Mohair Licensing) (Amendment) legislation No. 65 of 2018 to oversee wool and mohair marketing.<sup>1</sup> The new regulations were meant to establish a fair and transparent market for Basotho farmers in this sector and enable Lesotho to process wool and mohair locally. This would decrease Lesotho's dependency on South African brokers. Overall, the study discovered that these regulations negatively affected the Basotho producers. The government imposed these new regulations without consultation of key stakeholders, notably the Basotho farmers. Due to these two factors, there were nationwide protests, which forced the government to repeal the new regulations.

During the colonial period, the economy was heavily dependent on wool and mohair production. The British colonial government encouraged Basotho farmers to focus on sheep and goat farming as a way to stimulate economic development in the region. Wool and mohair were valuable commodities that could be traded on the international market, providing a source of income for the Basotho people. However, while the trade in wool and mohair brought economic benefits to Lesotho, it also led to the exclusion of the Basotho people from fully benefiting from their resources. The British colonial government and European traders controlled the production and marketing of wool and mohair, often exploiting Basotho farmers by paying low prices for their products.

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<sup>1</sup> The Portfolio Committee on the Economic Development Cluster, Report on the Agricultural Marketing (Wool and Mohair Licensing) regulations, Maseru, (2019).

In addition, the colonial government implemented policies that favoured European traders and landowners, further marginalising the Basotho people. As a result, many Basotho farmers were unable to access fair prices for their wool and mohair, leading to economic inequality and poverty in the region. The colonial economy in Lesotho was characterised by trade in wool and mohair, which provided economic opportunities but also resulted in the exclusion and exploitation of Basotho. This situation persists in post-colonial Lesotho, as evidenced in 2018 when the government enacted a policy without the involvement of farmers and their associations. This policy stripped Basotho farmers of complete control over their produce, simultaneously plunging many farmers into extreme poverty.

The Lesotho National Wool and Mohair Growers Association (LNWMGA) was formed in 1980 to represent the interests of Lesotho wool and mohair farmers.<sup>2</sup> The organisation was formed in response to the need for a collective voice to advocate for better pricing, marketing, and support for farmers in the industry. Over the years, the LNWMGA played a crucial role in promoting the welfare of wool and mohair farmers in Lesotho. The association has worked to improve market access, negotiate fair prices for producers, and provide training and support to help farmers improve their practices. The LNWMGA and farmers pointed out that they were not consulted or given a chance to participate in the making of the 2018 regulations.

They only heard about the regulations on media. The LNWMGA and farmers rejected the 2018 regulations as they said it was working against them. They were compelled to cut ties with BKB. The 2018 regulations allowed only one broker to receive a trading licence. BKB and other brokers were denied trading licenses as 2018 regulations advocated for the localisation of wool and mohair. All Basotho farmers were compelled to deliver their wool and mohair to LWC in Thaba-Bosiu. The LNWMGA members were reluctant to do so and they pleaded with

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<sup>2</sup> Lesotho National Wool and Mohair Growers Association Profile, Maseru.

the parliament committee to stop the implementation of 2018 regulation in vain. Some members of LNWMGA and individual farmers gave in and took their wool and mohair to LWC.

The majority of farmers did not get their payment for the wool and mohair that they took to LWC in Thaba-Bosiu. Those who received the payment, got far less than what they were getting from BKB. This changed their lives significantly, to the extent that some farmers ended up in extreme poverty. Some farmers committed suicide while others ended up selling their sheep and goats as they no longer saw their value. Other farmers abandoned the wool and mohair industry and searched jobs. Overall, the Agricultural Marketing Regulations 2018 failed to achieve the intended goals, and instead had negative impacts on the agricultural market and the livelihoods of farmers and traders. The LNWMGA and individual farmers made it clear from the moment they learned about the 2018 regulations that they did not approve of it. Despite this popular position, the government ignored them and implemented the new regulations.

LNWMGA submitted an urgent request to the High Court, asking for the new regulations to be overturned. They emphasised that they were not consulted at all during the development of these regulations, indicating that the regulations do not serve their interests. Nonetheless, the request was rejected. In June 2019, the Basotho producers protested against the 2018 regulations. Thousands of angry farmers staged a nationwide demonstration to force the government to repeal the 2018 regulations. Through these protests, the 2018 regulations were amended. The study contends that even in a nation with strong government and widespread corruption, there are situations in which associations are important, people band together, battle, and ultimately prevail.

The findings indicate that farmers were inadequately prepared for the changes the Agricultural Marketing Regulations of 2018 brought about. Their unpreparedness stemmed from their exclusion from the regulatory implementation process, which significantly contributed to the initiative's shortcomings. Although the government aimed to improve the lives of farmers within the wool and mohair sector through these regulations, the methods employed in executing the changes ultimately undermined this well-intentioned goal. The study also reveals that politics played a crucial role in the rollout of the 2018 Regulations. The relationship between the government and the LNWMGA was notably contentious. The government wielded its authority to push forward the regulations, continuing to advocate for them despite the strong opposition from the LNWMGA.

Fundamentally, the lack of communication and collaboration in the implementation process highlighted the need for greater inclusivity and understanding in agricultural policy-making. As a result, the aspirations behind the Agricultural Marketing Regulations of 2018, intended to foster growth and improvement in the wool and mohair sector, became difficult to achieve due to political divides and the farmers' lack of preparation. Thus, the implementation, rather than serving its purpose, turned into a source of conflict and dissatisfaction among those it was meant to assist.

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