



The information contained in this sheet has been compiled by [Jaume Portell](#), a journalist specialized in economics and international relations, in an activity 85% co-financed by ERDF funds in the framework of the [AfricanTech](#) project (1/MAC/1/1.3/0088) within the INTERREG VI D MAC 2021-2027 initiative.

LESOTHO

Macroeconomic Overview:

Lesotho has experienced continuous growth, although at a relatively low pace considering the size of its economy; it grew by 1.3% in 2022 and 0.9% in 2023, due to the slowdown in the manufacturing and agricultural sectors, as explained in the *African Economic Outlook 2024*. Growth recovered in 2024 and is expected to continue in 2025, reaching 2.2% according to the same report. The reduction in global trade—one of the consequences of rising tariffs—would negatively impact Lesotho’s export-oriented industries, mainly clothing. This slowdown in manufacturing would reduce both economic growth and local employment. The report highlights that the country has undergone certain structural transformations since the 1990s. The share of agriculture in GDP plummeted (from 20% to 5%), while industry rose from 13% to 22%. The services sector, as in other African countries, represents the largest share of GDP, increasing from 40% to 60%.

Lesotho’s GDP in 2023 was 2.12 billion USD.

Debt and Currency:

Lesotho had an external debt stock of 1.776 billion USD in 2023. Annual debt service payments were 39 million USD in 2012, a figure that rose to 105 million USD in 2025. The vast majority of Lesotho’s debt is held by multilateral creditors (78%), notably the World Bank (44%) and the African Development Bank (15%). Bilateral creditors account for approximately 22% of the debt, with China as the main player, holding 18% of the debt stock. Private creditors were marginal (0.3%). Like Namibia and Eswatini, Lesotho is part of a common monetary area that pegs its currency at a fixed parity (1:1) with the South African rand. Thus, the currencies of these three countries move in tandem with the rand against the dollar or the euro. In spring 2025, the Lesotho loti had an exchange rate of 18 lotis per US dollar.

This represents a depreciation from 2015, when only 12 lotis were needed to obtain one US dollar.

Imports and Exports:

Lesotho's trade balance is divided between two main sectors: diamonds and clothing. In total, the country exported goods worth 1.14 billion USD in 2023, of which 47.3% were diamonds. Exports of shirts, t-shirts, sheets, fabrics, and unprocessed wool accounted for up to 40% of exports. Wheat, cranes, beer, and water were other exports, although at much lower levels than the two main categories. The main export destinations were South Africa (31%), Belgium (26%), the United States (20%), the United Arab Emirates (8.4%), and India (7.6%). Imports totaled 1.72 billion USD, with particular importance given to energy-related imports such as gasoline (12%) and electricity (2.57%). Corn, wheat, rice, and other cereals also represented a significant share (around 8%). Medicines, cars, trucks, and cotton—for clothing production—were other major items on Lesotho's import list. Being surrounded by a single neighbor, South Africa, Lesotho's economic ties with that country are strong. 77% of goods came from South Africa, followed by China (9.75%).

Electricity:

Electricity generation in Lesotho declined between 2010 and 2022, in a system entirely dependent on hydroelectric power. 100% of electricity is therefore from renewable sources. In 2010, 0.69 TWh of electricity was generated; with demand at 0.89 TWh, the country had to import the remainder.

In 2023, electricity generation dropped to 0.48 TWh. With demand at 0.91 TWh, Lesotho imported the rest. Thus, import dependency rose from 22% of total consumption to 47%. The main electricity supplier to Lesotho is its neighbor, South Africa.

Defense:

Lesotho's annual defense spending was 35.8 million USD in 2023, according to SIPRI, a Swedish institute specializing in arms trade. Overall, the defense budget accounts for around 2.73% of government spending. The country's main suppliers since 2000 have been Spain and Germany, tied.

Demographics:

Lesotho has experienced population growth and a gradual trend toward urbanization. In 1990, the country had 1.8 million inhabitants, with 86% living in rural areas. In 2023, the population increased to 2.3 million, and 30.4% resided in urban areas. However, life expectancy declined from 59 years in 1990 to 53 years in

2022. This is due to the AIDS epidemic that struck the country in the early 2000s, from which life expectancy has partially recovered—though not yet to 1990 levels. Half of the population is under 24 years old.

Technological Innovation:

Lesotho has experienced exponential growth in internet adoption, rising from less than 4% in 2010 to over 47% of its population in 2022. Between 2008 and 2022, Lesotho received three loans from the Export-Import Bank of China totaling 96.6 million USD. These loans were allocated to the Maseru Smart City project and the country's national telecommunications network.