Good governance is heralded the world over today as a pre-condition for sustainable development (World Bank, 1992; Hyden et al., 2000; Wohlmuth, 1999). Democratisation through inter alia, decentralization is highly recommended as one of the strategies for and indicators or good governance. In an effort to promote democratization for the 21st century for good governance, Lesotho formulated the Local Government Act 1997 as the legal instrument to guide decentralization in the country in the run up to and into the 21st century.

This article provides a review of Lesotho's Local Government Policy stipulated by the Local Government Act of 1997. It starts with some definitions and approaches to Local Government in general. It then provides a historical overview of attempts to implement Local Government in the country before 1997. A detailed discussion of the present Local Government policy is presented, and its prospects and constraints are detailed before the conclusion. The article shows that the present policy establishes local authorities in order to promote participatory governance and development throughout the rural and urban areas. In the rural areas, community councils and rural councils are established, while in the urban areas, urban councils and municipal councils are established as the local authorities. While the paper applauds Lesotho for the establishment of Local Government, it, however, cautions that the structure of the policy seems to suggest centralization rather than decentralization of power and governance.