



Enhanced Integrated Framework (EIF)

Published on *Enhanced Integrated Framework (EIF)* website (<http://enhancedif.org>)

LESOTHO

Core details

Population:

2,193,843

WTO accession:

31 May 1995

Poverty head count (%):

N/A

Share of international non-oil trade (%):

0.833

Per capita growth rate (%):

6.8

Value of non-oil goods traded (in US\$ million):

820

WB Trading Across Borders rank:

N/A

Employment in non-traditional export sectors:

N/A

Lesotho became an Integrated Framework (IF) beneficiary country in 2002 and undertook preparations for a [Diagnostic Trade Integration Study \(DTIS\)](#) [1]. The DTIS was validated in February 2003, and the final report approved by the Government in February 2004.

Subsequently, Lesotho benefited from two IF Trust Fund Window II projects, including; (i) export product and market development (a project on mushrooms and peaches entitled "Product and Market Development of Agro-based Products" implemented by ITC); and (ii) support for an integrated approach to trade enhancement. Other priorities in the DTIS Action Matrix were taken up by other Development Partners (DPs).

Main Projects Ongoing

Description of the projects (objectives and interventions):

Under the EIF, Lesotho has been implementing its Tier 1 project, 'Support to National Implementation Arrangements (NIAs)', since July 2010, having been approved by the EIF Board in January 2010. The project aims at strengthening Lesotho's integration into the world trading environment and complements the implementation of the Poverty Reduction Strategy, as well as the country's efforts in raising competitiveness, productive capacity and product diversification. The project focused on supporting the EIF National Implementation Unit (NIU) to build and strengthen capacity for the coordination of activities related to, particularly, trade mainstreaming, donor coordination and productive capacity building.

Lesotho's Tier 1 project has been extended into phase 2 with approval from the EIF Board in May 2014, after a satisfactory Tier 1 Mid-term evaluation in 2013. The Tier 1 phase 2 project (May 2014 to May 2016) will continue to strengthen Lesotho's integration into the global trading system and operationalize the National Strategic Development Plan (NSDP), the DTIS Update (DTISU) and the Medium-term Programme (MTP) so as to accelerate the country's efforts in raising productive capacity, product and market diversification and product competitiveness, both locally and abroad.

In December 2012, Lesotho's Tier 2 Agriculture Trade Development project was approved by the EIF Board. The project aims to develop national capacity in production and marketing of high-value fresh fruit and vegetables. This capacity building will enable smallholder farmers to supply products that meet buyers' requirements, such as in standards and quality for hotels, supermarkets and other retail outlets within and outside of Lesotho.

This project has been driven and led by two key Ministries: Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) and Ministry of Agriculture and Food Security, with technical assistance from ITC. The project focuses on three actions:

- First, building capacity of the smallholders to acquire and use greenhouse technology in producing fresh fruit and vegetables for local and international markets.
- Second, building national capacity and knowledge on product standards and their assessment.
- Finally, building soft infrastructure to facilitate operations of a supply/value chain system that connects fruit and vegetable producers to export markets, including financial support to the producers.

Main progresses to date:

Tier 1 project

[Lesotho's DTISU](#) [2] was undertaken by USAID and validated in September 2012. The DTISU was formally published in 2013 in both English and Sesotho versions and distributed to all consulted and interviewed participants. These included Government Ministries and Parastatals, Private Sector Organizations, Non-Governmental Organizations, District Administrators and District Officials as well as to all of Lesotho's Foreign Missions.

The DTISU reviews the progress in implementing the DTIS Action Matrix, identifies gaps, constraints, challenges and opportunities. It also makes recommendations for further reform aimed at strengthening the enabling environment for trade and investment promotion and related capacity building for both government institutions and private sector for export expansion.

The NSDP 2012/13-2016/17 was finalized in March 2012 and explicitly includes trade issues. Implementation of the trade elements of the NSDP was included in the MTP, which was finalized in 2013. Lesotho was one of the two pilot countries to prepare a MTP with the assistance of the Executive Secretariat for the EIF.

In a joint initiative Lesotho organized Round Table discussions with DPs, International Agencies and private sector as part of the Lesotho Investment Forum Event in South Africa in March 2014. The Round Table discussion explored avenues to achieve the objective of inclusive and balanced economic and human development. In follow up, the NIU are working with DPs to raise resources for the implementation of the MTP.

As part of the Tier 1 Phase 2 project, Lesotho plans to prepare a National Trade Policy (NTP) and a National Export Strategy (NES). In preparation, the NIU worked with UNCTAD to host a two-day workshop in December 2013 on "Mainstreaming Trade into the National Development Strategies". The workshop had a wide range of participation from government, parliament, senate, private sector, academia and non-governmental organizations, and other resident DPs.

The Tier 1 project facilitated organizational support for the One-Stop Business Facilitation Centre through a planning workshop. There is now joint cooperation in the implementation of the One Stop Business Facilitation Centre between the World Bank, UNDP and the EIF.

In 2013, the Tier 1 project also supported the development and validation of the Consumer Protection Policy 2013 as well as publicity and dissemination of the policy to stakeholders.

The Tier 1 project has facilitated the validation of the National Industrial Upgrading and Modernization Programme, the participation of Lesotho in the Fourth Meeting of Trade Ministers for Landlocked Developing Countries, as well as the UNDP Technical Meeting on Gender and Trade Mainstreaming into National Development Strategies held in Pretoria.

The project has also facilitated and funded Lesotho's participation in the SADC-EPA States Technical Working Group on Services and Investment, 08-13 November, 2013.

Through the EIF programme in Lesotho, an outreach programme was conducted in September 2013 across ten districts in the country, to increase awareness on trade and trade-related programmes at the district level for government officials, the private sector, non-governmental organizations and the civil society. The MTICM Minister and the Permanent Secretary participated in around half of these district events.

During 2013, at least two events were held with NSC Members to enhance their understanding of the EIF processes and engage with DPs, including a breakfast meeting prior to the DTISU validation with the participation of a number of Ministers, Ambassadors and private sector representatives.

In 2012, UNDP undertook a capacity needs assessment of trade-related institutions in Lesotho. The study was carried out during the period of the finalization of the DTISU allowing for synergies in the processes. The resulting analysis and plan was validated in December 2012 at a stakeholder workshop. The assessment provides recommendations relating to awareness of trade issues; MTICM institutional framework; leadership and management skills; developing trade strategies; inter-ministerial coordination; trade data and information; communications and IT; as well as M&E.

In October 2012, a Private Sector Roundtable was organized through the EIF Tier 1 project to support the national trade agenda.

Outreach activities: Lesotho was part of the film "[Trade Works](#)" [3], which has been used to sensitize members of the NSC. An international consultant developed a communications strategy, working closely with the MTICM communications lead to profile the importance of trade and development. Support is on-going from the ES to align the strategy to the NIU work plan and in promoting impact-focused outreach activities.

In rolling out the strategy, Lesotho has developed a [website on EIF delivery](#) [4] informing partners of the status of programme implementation and using it as a forum to engage wider trade and trade-related departments as well as DPs. Lesotho also features in the [EIF country profile series](#) [3], which have been widely disseminated to engage the different stakeholders in driving forward programme implementation.

Lesotho has also been strong in advocating trade for poverty reduction using the DTISU as a roadmap for these purposes. With committed partnership support, a Lesotho post-DTIS event was hosted by UNCTAD in 2012 focusing on using inter-agency cooperation to reduce poverty through trade. Lesotho also participated in the first EIF M&E and Communications Regional Workshop for African Anglophone countries in April 2013 in Zambia.

In February 2012, Lesotho hosted an EIF regional awareness raising workshop on the objectives, principles and implementation of the EIF programme for Eastern and Southern African EIF Countries.

Tier 2 project

Lesotho's 'Agriculture Trade Development Project for the Fresh Produce Sector' contributes to the enhancement of Lesotho's sustainable economic growth, employment, food security, nutrition and poverty alleviation through building and strengthening the capacity of smallholder producers to commercialize, diversify and promote production of fresh fruits and vegetables for domestic and export markets.

In terms of capacity building for agricultural purposes, the fresh produce sector project will directly benefit 1,050 farmers, of which 30% are women.

The EIF Tier 2 project has strong potential for synergies with a World Bank Private Sector support project which also includes work on greenhouse technology. There is also cooperation with China in the operations of the Mushroom factory, with China providing technical assistance and expertise in the production process.

Forty Greenhouses and 21 hail net houses have been distributed and installed in four districts (Leribe, Mafeteng, Maseru and Teyateyaneng) to local producers.

Thirty-seven Horticultural District Officers from ten districts have been trained on the Greenhouse and hail nets Installation, handling, seedling production, transplantation, drip irrigation systems, plant health protection and general factors concerning good agricultural practices.

Thirty-seven Field Services Officers and Agronomists from the Ministry of Agriculture and Food Security and from MTICM were trained (Training of Trainers) on Protected Plant Technology and good agricultural practices.

Furthermore, four officials from the Departments of Standards and Quality Assurance, Agricultural Research and Disease and Plant Control have undertaken a training attachment in Kenya.

On 7th November 2013, the first seeds (cucumbers, sweet peppers (green, yellow and red) and tomato) were planted. Moreover, the initial batch of cucumber seeds matured much more rapidly than expected indicating that Lesotho cucumbers may have a production advantage of 20 days compared to the production and harvesting norm.

Outlook:

There is ongoing resource mobilization for implementation of the MTP and greater integration of the NIU into the Ministry's

operational structures.

Work under way with UNCTAD, ITC and UNDP on drafting a NTP and a NES.

Results

The Diagnostic Trade Integration Study (DTIS) process has been used as a catalyst to improve the business environment, promote private sector development and to pilot some new crops (especially since Lesotho is an agro-based economy with 80% of the population living in rural areas engaged in subsistence farming practices). Several relevant legislative changes and new laws have also been undertaken since, and through the DTIS, Government has managed to better engage with Development Partners to take forward the prioritized national action plans.

Earlier EIF support under the Integrated Framework driven by the EIF National Implementation Unit working with ITC and in collaboration with the Ministry of Agriculture, led to the establishment of a Center Mother Unit (experimental station) for spawn production and training of farmers in growing mushrooms. This helped over 5,000 individuals and families across ten districts, 60% of them women and over 12% living with HIV/AIDS.

Farmers' production also increased to 25kg of edible and medicinal mushrooms per square metre which significantly increased their earnings and income. The project also attracted further funding of US\$750,000 from China to increase production and export. Lesotho is working to replicate this success in its EIF Tier 2 project promoting the production of fresh fruits and vegetables for domestic and export markets.

Moreover, under the IF funded feasibility study for the peach industry, 7,000 trees were distributed to farmers in six districts to kick-start peaches' production for exports. The study also included the carrying out of market surveys and an export awareness campaign on peaches' high value market potential.

Links

EIF Lesotho

<http://www.eif.org.ls/> [4]

Lesotho, Ministry of Trade and Industry, Cooperatives and Marketing (MTICM)

<http://www.trade.gov.ls/home/> [5]

State of implementation

TIER 1 OUTCOME AND INDICATORS					
Outcome 1: Sufficient institutional and management capacity built in Lesotho to formulate and implement trade-related strategies and implementation plans					
Outcome 1 indicators	Baseline	'10	'11	'12	
O1.1: Support to NIAs (Y/N)	No	Yes	Yes	Yes	Yes
O1.2: DTIS Action Matrix (Date)	No	No	No	Yes	Yes
O1.3: Fiduciary capacity (1-5)	N/A	4	3	3	3
O1.4: Trade strategy updated (Y/N)	No	No	No	No	No
O1.5: Trade Strategy quality (1-5)	5	5	5	5	5
O1.6 Trade strategy implemented (1-5)	5	5	5	5	5

Outcome 2: Lesotho mainstreams trade into its national development strategies and plans				
Outcome 2 indicators	Baseline	'10	'11	'12
O2.1: Trade in the National Development Plan (1-5)	2	2	2	2
O2.2: Trade in Productive Sector Strategies (Y/N)	Yes	Yes	Yes	Yes
O2.3: Public-Private Dialogue (Y/N)	3	3	3	2

Outcome 3: Coordinated delivery of trade-related resources (funding, TA, etc.) by donors and implementing agencies to implement country priorities following the adoption of the DTIS Action Matrix				
Outcome 3 indicators	Baseline	'10	'11	'12
O3.1: Annual joint sector implementation overview (Y/N)	No	No	No	No
O3.2: Frequency of Government-Donor consultation in trade (1-5)	4	4	4	4
O3.3: UN-CEB Cluster activities based on DTIS Action Matrix (Y/N)	Yes	Yes	Yes	Yes
O3.4: Joint donor initiatives in trade (Y/N)	No	No	No	N/A

Outcome 4: Lesotho secures resources in support of initiatives that address DTIS Action Matrix priorities				
Outcome 4 indicators	Baseline	'10	'11	'12
O4.1: Medium-term Programme (1-5)	5	5	5	5
O4.2: Government budget contribution (Y/N)	0	0	Yes	Yes
O4.4: Number and amount of projects funded from DTIS Action Matrix (in US\$ million)	0	0	1	N/A

Financial information

DTIS Update

Starting date / End date

30/01/2012

Approved Budget

160,000

Board Approval Date

26/01/2010

Disbursement

160,000
Expenditure Reported
160,000
MOU Approval Date
22/12/2011
MOU Expiry Date
21/12/2012
Phase:
Completed

NIA Support

Starting date / End date
15/07/2010
Approved Budget
1,474,000
Board Approval Date
26/01/2010
Disbursement
949,000
Expenditure Reported
942,565
MOU Approval Date
25/03/2010
MOU Expiry Date
30/06/2016
Phase:
Implementation

Agriculture Productivity and Trade Development

Starting date / End date
30/01/2013
Approved Budget
2,735,685
Board Approval Date
21/12/2012
Disbursement
2,735,685
Expenditure Reported
1,408,144
MOU Approval Date
17/01/2013
MOU Expiry Date
31/12/2015
Phase:
Implementation

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