

**Mid-Term Review**  
**Of the**  
**Implementation of the Brussels Programme of Action**  
**(BPOA)**

**2001 – 2010**



**LESOTHO**

## Introduction

This report presents the efforts that the Government of the Kingdom of Lesotho has undertaken in order to meet the commitments contained in the Brussels Programme of Action (BPOA) for Least Developed Countries for the decade 2001-2010, adopted by the Third United Nations Conference on Least Developed Countries in Brussels on 20 May, 2001. The seven commitments adopted at this conference are: fostering a people-centred policy framework; good governance at national and international levels; building human and institutional capacities; building productive capacities to make globalization work for LDCs; enhancing the role of trade in development; reducing vulnerability and protecting the environment; and, mobilizing financial resources.

In the review period between 2001 and 2005, The Kingdom of Lesotho has faced a multiple crisis caused by the nexus of the HIV and AIDS pandemic, deep-rooted poverty and chronic food insecurity that has undermining past gains in socio-economic and human development. While great progress has been made in consolidating democracy in the aftermath of the successful 2002 General Elections, following years of political turmoil and conflict, the country faces considerable development challenges driven primarily by the HIV/AIDS pandemic. With the third highest prevalence rate in the world, now estimated at approximately 23.2 percent of the adult population, the country is experiencing an unprecedented challenge. Despite these drawbacks, Lesotho has managed to meet most components of the commitments with varying degrees of success. These will be elaborated in this review.

### **Commitment 1: Fostering a people-centred policy framework**

Lesotho's National Vision 2020 and its Poverty Reduction Strategy (PRS) preparatory processes are alleged to have been among the most comprehensive, widespread and consultative of any similar undertaking in the world. The process involved the full participation of all stakeholders, including traditional and community leaders, the religious fraternity, civil society, parliamentarians, public servants, development partners, as well as ordinary people. The community priorities derived from this process formed the basis for formulating both the long-term national perspectives (Vision 2020) as well as the short- to medium-term poverty reduction strategies contained in the Poverty Reduction Strategy Paper (PRSP). These two documents now form the central guiding framework for development interventions and programming, reflecting community priorities which are in tandem with the Millennium Development Goals. The implementation modalities for the PRS are being worked at through the development of a Medium Term Expenditure Framework (MTEF) which has been piloted in six ministries.

Other sectoral policy frameworks that are now in place include a reviewed National HIV and AIDS policy as well as the National HIV and AIDS Strategic Plan, a comprehensive Agricultural Sector Strategy, and a National Medium Term Investment Programme under NEPAD's Comprehensive Africa Agricultural Development Programme. There are a number of Bills which have been drafted, and Acts which have

been passed into law by parliament. These include, among others, the Local Government Act, the Child Protection and Welfare Bill, a National Gender and Development Policy, a Sexual Offences Act, the National Labour Policy, a National Environment Policy and Environment Act, and the Land and Married Persons Equity Bills. In addition, the Small, Micro and Medium Enterprises policy has been developed, and as a safety-net mechanism, the Government has introduced pensions for the aged – all citizens who are 70 years and above. The Government has introduced Free Primary Education to pursue the goal of universal access to education.

Statistical systems remain weak, though efforts are being taken to strengthen information systems through the establishment of a National Statistical Council to oversee the statistical systems in the country. Parallel to this is the need to monitor and evaluate the implementation of the PRS. To this end, a Poverty Monitoring System has been developed, spearheaded by the Bureau of Statistics. This has been done with the assistance of development partners.

### **Commitment 2: Good governance at national and international level**

In 2002, Lesotho held a successful watershed election under a new electoral model in which two thirds of the 120 member National Assembly were elected under the single member constituency model, and one third under proportional representation. The ruling Lesotho Congress for Democracy (LCD) won 79 of the 80 “first-past-the-post” seats while the 40 Proportional Representation seats were apportioned among nine opposition parties which had won eligible majorities in the polls. With a total of ten parties represented in the National Assembly, the present parliament is the most widely representative since the country’s independence in 1965. The base structure which ensures electoral due process is the Independent Electoral Commission (IEC) which came out of a constitutional amendment to provide for a politically autonomous electoral commission.

Currently, the country boasts vibrant political participation under a growing culture of political tolerance buttressed by supportive provisions in the national constitution. There is cognisance of people’s democratic rights of assembly, free choice and expression, and, to a level generally unknown among many developing countries, free rein to the independent media. A significant number of civil society organisation and independent media play an active part in the country’s politics.

The constitution provides for a clear separation of powers among the legislative, executive and the judiciary branches of government. The legislature, which comprises an elected Assembly of 120 parliamentarians, and a 33 member Senate made up of 22 Principle Chiefs and 11 nominated Senators, is the most inclusive and representative in Lesotho’s history.

Watchdog institutions in the country include an independent judiciary which is the cornerstone of the rule of law. Of comparable importance to provide oversight on financial accountability of the Government is the Auditor General. A parliamentary Public Accounts Committee follows up on the Auditor General’s Annual Reports to

enforce public accountability of state authorities. To enhance public sector service delivery, the Public Sector Improvement and Reform Programme has been developed though its implementation is rather slow. Furthermore, Lesotho has established the office of the Ombudsman, an independent institution designed to protect the public against infringement of their rights by public sector agencies. An Anti Corruption Unit has also been established to spearhead the Government's zero-tolerance campaign against corruption.

In accordance with the Local Government Act of 1997 and the Elections Act of 1998, the Government held Local Government Elections on 30 May 2005. There were a total of 1,317 elected members in a total of 129 local government councils in the 10 districts. Human and institutional capacities in the newly formed local government structures still need further strengthening.

Regarding human rights, the constitution of Lesotho guarantees fundamental human rights and freedoms to all persons regardless of race, colour, sex, language religion, and political or other opinion. The constitution also sets up social, economic and cultural rights as a principle of State Policy, subject to the limits of the economic capacity and development of the country. In this context, Lesotho is party to most of the principal UN Human Rights Treaties. Ratification of these treaties involves reporting commitments; however there is a backlog in this respect. Among the principle UN Human Rights Treaties ratified or acceded to by Lesotho are: International Covenant on Civil and Political Rights (ICCPR); International Covenant on Economic Social and Cultural Rights (ICESCR); Convention on the Rights of the Child; Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), albeit with a reservation to article 2 (2); Convention Against Torture; Convention on the Abolition of Slavery, the Slave Trade and Institutions and Practices Similar to Slavery; and the International Convention on Elimination of All Form of Racial Discrimination (ICERD). In addition to these, Lesotho has also ratified some regional treaties including the African Charter on Human Rights and People's Rights, the African Charter on the Rights and Welfare of the Child and the African Peer Review Mechanism.

The majority of women in Lesotho enjoy higher rates of educational attainment and literacy rates unlike most other developing countries. Despite the relatively high education levels of women, men dominate the overwhelming majority of political and decision-making positions. While females account for 63 per cent – almost two-third – of professional, technical and related positions in the formal sector, they constitute a minority in administrative and managerial positions (34 per cent) Men also dominate the overwhelming majority of political and decision-making positions. In 1993 the National Assembly had only 3 seats occupied by female members out of the total of 60. Now the situation has improved significantly. In May 2002, 14 women occupied parliamentary seats out of a total of 80 seats – or 17 per cent of all members in the National Assembly. In 2004, 18 women occupied parliamentary seats out of the total of 120 seats – 15 per cent of all members in the National Assembly. Moreover, women hold 6 out of 21 cabinet posts (albeit including 2 junior portfolios) and out of 33 members of the upper house of parliament, women occupy 12 Senate seats (approximately 36 per cent).

### **Commitment 3: Building human and institutional capacity**

In order to strengthen its human capacity base, the Government embarked on a programme of Free Primary Education (FPE) in 2000. As a result of this programme, net primary enrolment increased from 69 percent in 2000 to 85 percent in 2003 and declined slightly to 83.2 percent in 2004. In support of this programme, 184 new schools have been constructed, while 1105 new classrooms were installed. More than 1 million textbooks and other teaching materials were supplied to 1,300 schools. This is augmented by the Government's budgetary allocation to the sector. In the 2005/2006 budget, 20 percent of recurrent expenditures went into education.

Adult literacy rate in Lesotho is among the highest in Africa. In 2004, a total of 82 per cent of the population over 15 years of age were literate. The higher levels of primary education among women also translate into higher levels of adult literacy. Nine out of 10 adult women in Lesotho are considered literate, compared to just over 7 out of 10 for men.

The HIV and AIDS pandemic is the most serious threat to the attainment of all national goals and objectives. Its impact on capacity erosion among the most productive segment of the population is enormous. Prevalence rates are now estimated to be 23.2 percent of the adult population in Lesotho, one of the highest in the world.

The Government recognizes that HIV and AIDS is not only a health problem, but a development problem that has social, economic and cultural implications. Measures carried out aimed at mitigating the pandemic include: establishing the National AIDS Commission to coordinate the national response to HIV and AIDS; establishing a country-wide Lesotho Network of People Living with HIV AIDS (LENEPWA); and, every Government ministry allocates 2 percent of the annual budget to HIV and AIDS issues (1 percent of which is supposed to be used for ARV procurement). In addition to these measures, the PRS has outlined a series of policy responses in the areas of prevention, care and support and mitigation.

Lesotho has embarked on a number of public sector reforms. The main one is the Public Sector Improvement and Reform Programme (PSIRP) which is aimed at reforming the entire public service to improve delivery. Other more sectoral oriented programmes include the Health Sector Reform Programme and the Education Sector Development Programme. These programmes have strong human capital development components, as well as institutional reforms. The MTEF is the framework intended to facilitate the implementation of the PRS by allocating resources to achieve stated poverty related objectives.

#### **Commitment 4: Building productive capacity to make globalisation work for LDCs**

Being completely surrounded by the Republic of South Africa, Lesotho's economic structure is inextricably linked to that of its bigger neighbour. Its currency is pegged to the South African Rand, such that it fall victim to movements in the value of the Rand, vis-à-vis other major currencies of the world. Lesotho has a small industrial base which is characterized by the predominance of the garment and textiles sector. More than 40,000 jobs were created between 2000 – 2004, as a result of the African Growth and Opportunities Act (AGOA), which grants duty free access to Lesotho textiles imported into the United States of America. There has however been a sharp reduction in jobs from late 2004 through 2005 due to a number of reasons. The strength of the Rand against the US dollar means that Lesotho exports continue to remain uncompetitive on the world market. The expiration of the Multi-Fibre Agreement (MFA) in December 2004 has further compromised the employment situation in the textiles sector. The expiry of the MFA, and now the lapsing of AGOA implies that Lesotho will have to compete for the US market on a more equal footing with the world's most low cost producers, including China, India and Bangladesh.

The restructuring of South African gold mines, which hitherto had employed the vast majority of young men from Lesotho, has resulted in thousands loosing their jobs and returning home to Lesotho. This has exerted tremendous pressure on the domestic job market, and the domestic industry is not large enough to absorb this newly created excess labour.

Lesotho is creating industrial estates and provides basic factory shells, infrastructure such as power, water, telecommunications and roads. All this is meant to attract both local and foreign investment. The luring of Foreign Direct Investment (FDI) is a key strategy in the PRS. To this end, Lesotho has reviewed the investment package to remove any impediments to investment, and has also created a macroeconomic environment that supports efficient production and attracts both domestic and foreign investment.

Market policy reforms have been undertaken to attain food security through divestiture and complete market liberalisation. The Private Sector Development programme has been initiated with the help of the World Bank intended to create a conducive environment for greater private sector participation in the economy. Public-Private partnerships are also being encouraged as part of the strategy for private sector development.

Through the Joint Bilateral Commission of Cooperation (JBCC) between South Africa and Lesotho, agreements have been reached to foster the development of infrastructure in Lesotho for the mutual benefit of the two countries. Furthermore, the JBCC pupates to promote mutually beneficial economic integration between the two countries with the aim of closing the existing economic disparity, bridging the technological divide, promote good governance and facilitate the movement of people, goods and services between the two countries.

**Commitment 5: Enhancing the role of trade in development**

The National Vision and the PRS recognises the importance of trade in national development. With its unique geo-political location, Lesotho has benefited from its membership to the Southern African Customs Union (SACU), to the extent that a significant portion of its revenue stems from SACU proceeds from duties and tariffs. Lesotho has equally taken advantage of the AGOA treaty, the Lome Convention, and the SADC Trade protocol.

Lesotho cannot bypass South Africa as it seeks to take advantage of opportunities offered by global markets. It needs to galvanise its relationship with South Africa through the JBCC and participate in regional arrangements such as SADC and SACU. The diagnostic trade integration studies that have formed the basis for the Integrated Framework (IF) for trade related technical assistance, which calls for the total removal of barriers to trade, both in terms of the SACU grouping's relationship with the rest of the world, and within SACU itself.

**Commitment 6: Reducing vulnerability and protecting the environment**

Lesotho has achieved much in creating an enabling environment for the integration of principles of sustainable development into policies and programmes. This has been made possible through the adoption of a number of mechanisms for environmental management. These are: Environmental Impact Assessment (EIA); Strategic Environmental Assessment (SEA); and, Environmental monitoring and auditing. The Environment Act of 2001 stipulates that all proposed developments in the country are supposed to be subjected to EIA. Although the Act is not explicit on SEA, it does make reference to EIA for policies, plans and programmes which essentially translates into a SEA. Since 2002 about 50 environmental assessment reports have been submitted to the National Environmental Secretariat for review. 55% of the developments were driven by the private sector.

In order to reduce loss of biodiversity, the Government, in collaboration with key stakeholders has initiated a number of conservation projects. The biggest of these is the Maloti-Drakensberg Trans-frontier Conservation and Development Project. This is a bilateral project between Lesotho and the republic of South Africa. It focuses on among others conservation of biodiversity in the North-Eastern Highlands and poverty reduction through nature based tourism.

The Environment Act of 2001 provides a framework for incorporating environmental factors into policy and planning, and all national and sectoral programmes have to have sound environment conserving attributes. Some old and antiquated laws have also been reviewed. For example, the list of protected flora under the Historical Monuments, Relics, Flora and Fauna Act of 1967 has also been increased from thirteen (13) in 1969 to thirty one (31) in 2004. The new list is based on species that are already threatened or are being used by individuals for economic gains.

The percentage of protected areas and sustainable use areas is currently estimated at 6.9% of Lesotho's land area. This figure is likely to increase as a result of establishment of new protected areas within the Maloti-Drakensberg project area.

Lesotho is party to a number of multilateral environmental agreements that are aimed at promoting good environmental practices. These include the United Nations Framework Convention on Climate Change (UNFCCC); United Nations Convention to Combat Desertification (UNCCD); United Nations Convention on Biological Diversity (UNCBD) and associated Bio safety protocol; Convention on International Trade in Endangered Species of flora and fauna (CITES); Ramsar Convention on the protection of wetlands; Stockholm Convention on persistent Organic Pollutants; Basel Convention of Trans-boundary movement of hazardous wastes and their disposal; Agenda 21, the World Summit for Sustainable Development; and the Vienna Convention on the protection of the Ozone layer and the associated Montreal Protocol on ozone depleting substances.

In addition to the abovementioned initiatives, there is a move towards integrated approach in the implementation of related Conventions (UNFCCC, UNCBD, UNCCD, CITES and Ramsar). The Government regards this as imperative in ensuring efficiency in the achievement of goals enshrined in some these conventions. To this end a national project entitled National Capacity Self- Assessment has been initiated under the National Environment Secretariat.

Education is crucial for promoting sustainable development and improving the capacity of people to address environment and developmental challenges. Both formal and non-formal education play an important role in changing people's attitudes, instilling ethical awareness, skills and behaviour that is consistent with sustainable development ideals. To this end Government has introduced environmental education in twenty schools in the country. The intention is to extend the initiative to all schools in the country.

#### **Commitment 7: Mobilizing Financial Resources**

Lesotho has witnessed a decline in the number of development partners resident in the country. Most of the development partner institutions have relocated to Pretoria in South Africa, making it exceptionally hard to mobilize resources. In its efforts to undertake this commitment, the Government has enacted a new Central Bank Act to define the role of the Central Bank of Lesotho. The Central Bank of Lesotho have reviewed micro financing issues as well as the policy and legal framework for micro finance. It has also facilitated the establishment of financial institutions, clearing systems and credit bureaux. There are now in place, more prudent regulations on risk based capital requirements; licensing criteria and procedures; foreign currency exposure limits and anti-money laundering guidelines.

Other measures that have been instituted include abandoning credit ceilings; fiscal reforms; the establishment of Unit Trust investments in the commercial banks; the establishment of the Lesotho Revenue Authority to improve tax administration; and

the establishment of an anti-corruption unit. The Ministry of Finance and Development Planning has been restructured to better coordinate financial resources and enhance aid effectiveness. The Auditor General's and the Accountant General's offices have been strengthened to enhance accountability and efficiency in the utilization of public funds. The production of the development budget is part of the annual budget process aimed at reviewing the consistency of aid with development policy. The revitalisation of the aid coordination role of the Ministry of Finance and Development Planning, including the regular scheduled meetings between the Minister of Finance and Development Planning and all resident development partners has paved the way for new aid inflows. A donor Round Table Conference has been planned and is expected to take place in May 2006.

There is increased access to banking services in rural areas through the establishment of the Post Banking services. Investment incentives have been reviewed. The Private Sector Development programme instituted has encouraged the creation of smart partnerships between the private sector and the public sector, linking these to major development finance institutions such as the International Finance Corporation (IFC) and the African Development Bank (ADB).

**IMPLEMENTATION OF THE BRUSSELS PLAN OF ACTION (BPOA)  
LEAST DEVELOPED COUNTRIES IN LESOTHO 2001 - 2005**

**Commitment 1: Fostering a people centered policy framework**

<b>Objective</b>	<b>Action Taken</b>	<b>Further actions</b>	<b>Expected Achievement 2010</b>
<p>Creating an enabling environment in terms of policy, legal framework and institutional development, to help people living in poverty especially women, and strengthening physical, social and human capacities, through improving equal access to production resources as well as social, health and education services.</p>	<p>- Long-term vision completed, vision statement: By the year 2020, Lesotho shall be a stable democracy, a united and prosperous nation at peace with itself and its neighbours. It shall have a healthy and well developed human resource base. Its economy will be strong; its environment well.</p> <p><b>-A Poverty Reduction Strategy Completed</b></p> <p><b>Priorities:</b></p> <ul style="list-style-type: none"> <li>-Employment creation.</li> <li>-Agricultural development and Food Security.</li> <li>-Infrastructure Development.</li> </ul>	<ul style="list-style-type: none"> <li>-Launched the Vision 2020 and Poverty Strategy.</li> <li>-Donor Conference in 2000.</li> <li>-Support for national capacity to implement projects/programmes and policy.</li> <li>- Lesotho has yet to set up a National Forum for implantation and follow up of the Brussels Plan of Action.</li> <li>- Repealing all laws that are biased against women.</li> <li>- Enactment and implementation of laws allowing women to own and transfer property.</li> </ul>	<p>Commitment may not be achieved. The economy has been growing at less than 7% per annum since 1998.</p>

	<ul style="list-style-type: none"><li>-Deepening Democracy, Governance, Safety and Security.</li><li>-Improve access to Health Care and Social Welfare.</li><li>-Increasing quality and access to education.</li><li>-Managing and conserving the environment.</li><li>-Improving Public Service delivery.</li><li>-Provision of pensions for the aged – for those who are 70 and above.</li><li>-Launched vision 2020 and Poverty Reduction Strategy.</li><li>-Continuation of fiscal reforms. i.e. improvement in the planning and budgeting process to ensure better targeting of resources – introduction of the medium-term expenditure framework (MTEF).</li><li>-Development of the small and medium enterprises policy.</li></ul>		
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	<p>-Development of gender equity land policy Bill to inter alia remove discriminatory elements against women.</p> <p>-Improvement of social welfare policy with resultant expansion of social grants to the elderly, people with disabilities and orphans.</p> <p>-Implementation of food for work programmes in infrastructure development in rural areas.</p>		
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**Commitment 2: Good Governance at National and International Level**

<b>Objective</b>	<b>Action Taken</b>	<b>Further actions for implementation taking into account general constraints</b>	<b>Possible Achievements 2010</b>
<p>Fostering transparent and well functioning Government accountable to the people, as well as promoting an independent judicial</p>	<p>1. Local Government elections in May 2005.</p> <p>2. Fiscal Reform – implementation of the medium-term expenditure framework (on-going).</p>	<p>-Capacity building for Civil Servants to produce proper accounts.</p> <p>-Continued auditing of Government accounts to ensure proper use of public funds.</p>	

	<p>3. Establishment of the Public Accounts Committee in Parliament.</p> <p>4. Support to the office of the Auditor General and Public Accounts Committee to enhance oversight responsibility.</p> <p>5. Strengthening the treasury for proper management of public funds.</p> <p>6. Accession to the African Peer Review Mechanism (APRM).</p> <p>7. Implementation of Public Sector Reform and improvement programme.</p> <p>8. Establishment of an anti-corruption unit.</p>	<p>-Strengthening the planning processes and machinery to ensure adequate policy analysis.</p> <p>-Continuing with the empowerment of women, on that Government can achieve the regional target i.e. 30% of women in decision-making positions</p>	
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### Commitment 3: Building Human and Institutional Capacities

Objective	Action Taken	Further actions for implementation taking into account general constraints	Expected Achievement 2010
<p>Improving basic social services especially in education and health and developing long-term policies and strategies to facilitate them.</p>	<p>1. Health sector reform program which will ensure improvement in these areas:</p> <p>1.1 Strengthening the decentralization of human resources;</p> <p>1.2 Improvement of pharmaceutical logistics and drug management.</p> <p>1.3 Infrastructure development.</p> <p>1.4 Strengthening social welfare.</p> <p>1.5 Strengthening collaboration with partners to improve coordination of inputs from various sources.</p> <p>2 Introduction of free primary education.</p> <p>3 Implementation of a rural water supply programme.</p>	<p>-Continuation of the Health program of reform and combating the spread of HIV/AIDS and TB.</p> <p>-Government will continue implementing its policy of free primary education.</p> <p>-Government will also continue to increase access for all primary school-goers.</p> <p>-Improvement infrastructure.</p> <p>-More resources are required for capacity and implementation of reform and support to the free primary education program.</p> <p>-In service training for poorly qualified teachers.</p> <p>-Resource mobilisational to improve secondary schools so that they are ready to receive the first cohort of free primary</p>	

	<p>4 Voluntary counseling and testing encouraged.</p> <p>5 The ABC campaign against HIV/AIDS (Abstain, be faithful and use a condom).</p> <p>6 Establishment of the HIV/AIDS Centres.</p> <p>7 Introduction of Anti-Retroviral therapy.</p> <p>8 Building Human and Institutional capacity.</p> <p>9 Bursaries for HIV/AIDS orphans and other orphans.</p> <p>10 Network of people living with HIV and AIDS.</p>	<p>education.</p> <p>-Additional financial resources required to realize the target.</p>	
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**Commitment 4: Building Productive Capacity to make Globalisation Work for the LDCs**

<b>Objective</b>	<b>Action Taken</b>	<b>Further actions for implementation taking into account general constraints</b>	<b>Expected Achievement 2010</b>
<p>Developing and strengthening institutional, physical and social infrastructure as well as legal and regulatory framework to stimulate productive capacity.</p> <p>Developing national programs and strategies to achieve food security and rural development.</p> <p>Promoting effective dialogue between the government and the private sector, as well as policy consistency within trade, investment and enterprise development.</p>	<ul style="list-style-type: none"> <li>- Development of industrial on estates – infrastructure including provision of power, water, telecommunications and roads.</li> <li>-Decentralisation of industrial activity to other districts e.g. Bulha-Buthe Industrial Park</li> <li>-Market policy reforms in order to attain food security through divestiture and market liberation.</li> <li>-Agriculture subsidy and seed policy under review.</li> <li>-Lesotho Government provision of support for mitigation against the effect of the drought; food aid, seeds and fertilizer.</li> <li>-Comprehensive rural marketing study to develop rural marketing strategy.</li> <li>-Government is engaged in constant dialogue with the</li> </ul>	<ul style="list-style-type: none"> <li>-Completion of the industrial program. More resources are required.</li> <li>-Continuation of the decentralization of industrial activity.</li> <li>-Implementation of the new incentive package.</li> <li>-Preparation of Market liberation proposals.</li> <li>-As Measures to mitigate against the drought more resources are required if drought continues.</li> <li>-Creation of a macroeconomic environment that supports efficient production and attracts both foreign and domestic productive investment.</li> <li>-More support and capacity building are required for the private sector.</li> <li>-Exploration of the feasibility of a development fund.</li> </ul>	

	<p>private sector on trade and industry development, including establishment of local trade networks (WTO/SADC/SACU) such that in the end the private sector becomes the engine of growth.</p>	<p>- Use of Public Private Partnerships (PPP) as policy framework to boost investment, finance and development of infrastructure. -Establishment of a legal and regulatory framework for use of PPP.</p>	
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**Commitment 5: Enhancing the role of trade in development**

<b>Objective</b>	<b>Action Taken</b>	<b>Further actions for implementation taking into account general constraints</b>	<b>Expected Achievement 2010</b>
<p>Integrating trade policies into national development policies and ensuring that these are geared towards the global market.  Promoting sub-regional and regional cooperation, compatible with multilateral trade rules.</p>	<p>-Lesotho has taken advantage of the AGOA, Lome Convention, SADC-Trade protocol, and SACU.  -Diagnostic trade integration studies that formed basis for Integrated Framework for trade related technical assistance.  -Development of trade and poverty framework  -Trade policies are an integral part of both PRS and Vision 2020 documents.</p>		

	<ul style="list-style-type: none"><li>-Capacity building courses in the areas of trade policy analysis have been held for staff of the Ministry of Trade including officials from other relevant ministries and private sector organizations through Lesotho Trade and Poverty Programme.</li><li>-Increased capacity to attract FDI, especially in textiles and clothing.</li><li>-Increased trade liberalization by negotiating new trade arrangement SACU, SADC, SADC-EPAS.</li><li>-The Ministry of Trade periodically sends staff to trade policy courses organized by WTO.</li><li>-The Ministry of Trade is in the process of establishing a Trade Facilitation Centre a.k. a One-stop-Shop to reduce time taken to set up business in Lesotho.</li><li>-Created incentives for investors to train employees to increase production efficiency.</li><li>-Promotion of SMME's and co-operatives</li></ul>		
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	<ul style="list-style-type: none"><li>-Support for technical and vocational skills development.</li><li>-Participation in the development and/or implementation of SADC protocols and through joint-bilateral co-operation with RSA.</li><li>-Strengthening institutional capacity for enterprise development and business planning.</li><li>-Promotion of high-value cash crop and livestock production.</li><li>-Developed food security policy and new sector strategy.</li><li>-Negotiate rebate facilities in relevant trading arrangement to source basic food stuffs from the cheapest sources.</li></ul>		
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**Commitment 6: Reducing Vulnerability and Protecting the Environment**

<b>Objective</b>	<b>Action Taken</b>	<b>Further action</b>	<b>Expected Achievement 2010</b>
<p>Strengthening national strategies and capacity so as to promote sustained economic growth and development</p>	<ul style="list-style-type: none"> <li>-Development of the Environment policy (1998) and the Environment Act (2001) to provide a framework for incorporating environmental factors into policy and planning and all national/sectoral projects and programmes.</li> <li>-Environmental Impact Assessment is now a prerequisite to all development activities or projects.</li> <li>-Disaster management action plan.</li> <li>-Implementation of a program to conserve biodiversity.</li> <li>-Lesotho is party to major environmental conventions. i.e. Agenda 21 and WSSD Plan of action.</li> </ul>	<ul style="list-style-type: none"> <li>-Support to implement international conventions.</li> <li>-Continuation of the Environmental Impact Assessment on all development activities or projects.</li> <li>-Identify appropriate mitigation measures so as to mitigate any negative impacts to implemented programmes and projects on the environment.</li> <li>-Increase public awareness and understanding of essential causal linkages between development and the environment.</li> <li>-Strengthened disaster mitigation and mechanisms with the involvement of local communities and NGOs.</li> <li>-Develop appropriate legislation,</li> </ul>	

		<ul style="list-style-type: none"> <li>-Including regulations.</li> <li>-Early warning and forecasting mechanisms both as preventive and preparedness measures.</li> <li>-Policies and plans exist for disaster mitigation and preparedness but implementation has lagged far behind due to lack of capacity both in financial as well as human resources skills.</li> <li>-Development and implementation of comprehensive disaster mitigation and preparedness policies.</li> <li>-Involvement of relevant NGOs has improved through more effort is still needed to encourage them to participate more.</li> <li>-Considering the creation of innovative financial instruments such as special insurance schemes to facilitate post disaster reconstruction.</li> <li>-Involvement of local communities has also been marginal. More sensitization efforts are needed to</li> </ul>	
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		<p>be put in place.</p> <ul style="list-style-type: none"><li>-Information provided by early warning and forecasting mechanisms has largely remained limited and emphasis is on production and availability of food. Early warning information on other types of disasters is not available. This is because of inadequate resources, both financial and human.</li><li>-Policies and actions for disaster mitigation and preparedness have been developed. Implementation through in progress, it has lagged behind due to inadequate financial resources</li></ul>	
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**Commitment 7: Mobilising Financial Resources.**

Objective	Action Taken	Further actions	Expected Achievement 2010
<p>Developing appropriate financial systems as well as an appropriate legal.</p> <p>Stimulate domestic savings and promoting innovative financial mechanisms to mobilize savings and deliver financial services to the poor.</p> <p>Improving the efficiency and equity to tax systems and enhancing the transparency of public expenditures; preventing corruption, bribery, illegal transfer of funds and other illicit activities.</p> <p><b>Aid and its Effectiveness</b> – Increasing national ownership through better integration of external aid into macroeconomic and sectoral programs.</p> <p><b>External Debt</b> – Enhancing a</p>	<p>-New Central Bank act to define the role of the CBL and facilitated establishment of financial institutions clearing systems and credit bureau.</p> <p>-Review of financial legislation to replace financial institutions act 1973 with new act that provided for more prudent regulations on risk based capital requirements; licensing criteria and procedures; branching and reporting procedures; foreign currency exposure limits anti-money laundering guidelines and others.</p> <p>-Abandoning credit ceilings,</p> <p>-Fiscal Reforms.</p> <p>-Liquidation of insolvent banks.</p> <p>-Establishment of Unit Trust investments in the commercial banks.</p> <p>-Establishment of Lesotho Revenue Authority (LRA) as a measure of improving tax administration;</p>	<p>-Further support to micro finance.</p> <p>-Capacity building for NGOs working on micro finance.</p> <p>-Continuation of the sensitization process on the importance of Unit Trust Investments.</p> <p>-Capacity building and financial resources for the Anti-Corruption Unit.</p> <p>-Government to continue borrowing on concessionary terms in order to gradually retire commercial and domestic debt and also to ensure that external debt does not become unsustainable.</p> <p>-Policy formulation and analysis to create an environment that enhances flow of FDI and local investment leading to industrial prosperity.</p> <p>-Development of a foreign investment law or investment code</p>	

<p>conductive national policy framework that contributes effectively to poverty and eradication and promotes faster economic growth.</p> <p><b>EDI and Other Private Flows</b> Strengthening the enabling environment for private sector development and foreign investment flows.</p>	<p>Introduction of VAT;</p> <p>-Establishment of Anti-Corruption Unit.</p> <p>-Debt management is core component of fiscal policy and annual fiscal strategy to ensure that external debt does not become unsustainable, while maximizing on concessionary terms.</p> <p>-Production of development/capital budget is part of annual budget process to review consistency of aid with development policy.</p> <p>-Secured support to develop a comprehensive aid policy to improve aid coordination.</p> <p>-Investment incentives have been reviewed. The Smart Partnerships Hub has facilitated capacity development on trade policy development, Information and research. Has also facilitated dialogue between local private sector and major development finance institutions/relevant bodies such as IFC and ADB.</p>	<p>that would guide the industrial sector.</p> <p>-Improvement and implementation of incentive framework and removal of administrative barriers to industrial growth.</p> <p>-Review of legal and regulatory framework to among others, remove contradictions and inconsistencies in the licensing.</p>	
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