



REVIEW OF ISTANBUL PROGRAMME of ACTION

ENHANCING PRODUCTIVE CAPACITY

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OUTLINE



1. Introduction
2. Performance in the productive sectors
 - Manufacturing
 - Agriculture
3. Private Sector Driven Economy
 - Big Fast Results Methodology
4. Conclusion



1. INTRODUCTION:

- The Government of Lesotho, GoL, National Strategic Focus (National Strategic Development Plan II 18/19 – 22/23): Pursue an inclusive economic growth and sustainable development through a private sector led job creation.
- Promote private investment in 4 key sectors: Agriculture; Manufacturing; Tourism and creative Industries; Technology and Innovation

GDP growth rate

- Real economic growth increased at an average of 3% during IPoA implementation which is much lower than the IPoA target of 7%.
- 5% growth is envisaged in the medium term 2018/19 – 2022/23 (NSDP II). There is a need to develop and implement an acceleration framework to realize the desired 7%



...INTRODUCTION

Performance towards IPoA Graduation Criteria

IPoA Criteria	2014/15	2019/20	STATUS
GNI per Capita	1, 374	1,296	Below Income Only threshold
HAI	62.9	61.6	Below
EVI	42.9	42.0	Below

2. PERFORMANCE IN THE PRODUCTIVE SECTORS – MANUFACTURING AND AGRICULTURE:

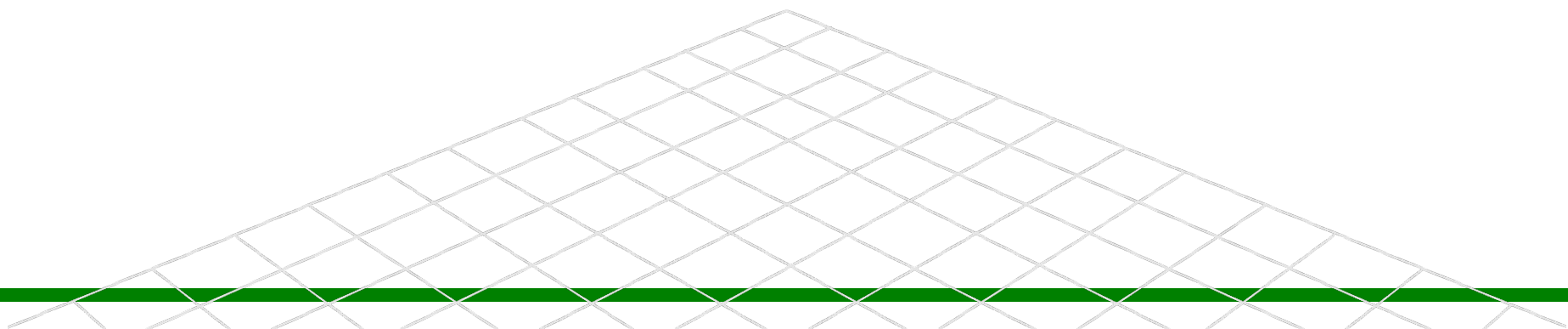


Indicator	Achievement	Actions	Result or Impact	Lessons learnt
Share of manufacturing exports in total exports (%)*	60.1	<p>Introduced One-stop business Facilitation centre</p> <p>Streamlined process of obtaining construction permits</p> <p>GoL developed an investment climate reform agenda & Set up oversight ministerial committee for implementation.</p>	Achieved rank of 104 in Ease of Doing Business in 2016 with a slight decline to 106 in 2018.	Red tape and weak access to finance are still constraints
Textile, Clothing, footwear & leather as % of Manufacturing	11.4 (2017)	<p>AGOA response strategy was developed to drive diversification in manufacturing</p> <p>Market & product diversification</p>	There is an emerging diversification of exports and markets with South Africa in the lead.	It will take time to implement the reforms and achieve diversity and backward linkages for local SMMEs to exploit.
Value added share of manufacturing (% of GDP)**	14	GoL is prioritizing digital technologies, particularly e-commerce and e-government applications, to enhance business entry, lower business costs, connect markets to suppliers, reduce the regulatory compliance burden, raise public service quality, and improve access to finance.	The manufacturing value added has seen an upward rebound in the last 5 years.	Low manufacturing localization and creation of backward linkages for manufacturing accessories and machine repairs limits value addition.
Share of Agriculture exports in total exports (%)*	5.9	<p>Successful pilot horticulture project funded by World Bank (Private Sector Competitiveness project)</p> <p>Identification and mapping of locations suitable for commercial fruit production.</p>	Researched proof of viability of fruit production and horticulture with potential to attract premium export prices.	There is a need to address skills to enable a move from trade in primary agriculture commodities like wool/mohair to export of value added goods and high value crops to tap into premium prices.

Performance in the Productive Sectors – Manufacturing and Agriculture:



Indicator	Achievement	Actions	Results / Impact	Lessons Learned
Share of employment in industry (% share of total employment)***	40.5	<p>Partial Credit Guarantee Scheme to alleviate access to credit (MoF & LNDC)</p> <p>AGOA Response Strategy (AGOA-RS)</p> <p>GoL is prioritizing digital technologies, particularly e-commerce and e-government applications (GoL-ICT)</p>		Easier access to finance, AGOA-RS and GoL-ICT will in the long run lower business costs, connect markets to suppliers, reduce the regulatory compliance burden, and raise public service quality leading to higher employment in sector.
Agro Products in new markets (%)	5 (2017)	Potential for niche markets such as essential oils identified and promoted.	Preparations for production of rosehip and medical cannabis products underway	



3. Towards a Private Sector Driven Economy - Big Fast Results (BFR) Methodology



Promoting Inclusive Growth Employment Creation, and Private Sector Driven Economy through:

BFR methodology:

- It is a radical and structured approach incorporating clear diagnosis, planning, implementation, execution and feedback; in a sequence that ensures transparency and accountability during your transformation.
- The Methodology targets interventions towards private sector led initiatives for sustainable job creation and inclusive growth

Towards a Private Sector Driven Economy

- Big Fast Results (BFR) Methodology...



Inclusive Growth Employment Creation, and Private Sector Driven Economy

M14,367 mil
GDP contribution

M19,933 mil
Additional Private Investment

30,021
Additional Direct Employment



Agriculture



Manufacturing



**Technology &
Innovation**



**Tourism &
Creative Arts**

Sectoral Strategic Outcomes

Sustainable commercial agriculture

1. Improve the functioning of land markets
2. Improve genetic resources
3. Build sustainable infrastructure for agriculture
4. Improve access to finance and risk sharing in agriculture
5. Improve technology and use for agriculture
6. Improve production of high value crops and livestock products
7. Build capacity of farmers, agricultural institutions and associations
8. Develop value chains in agri-food systems and enhance agricultural markets
9. Improve management of range resources

Diversified products and effective business linkages

1. Improve manufacturing capabilities and move into knowledge intensive value chains
2. Strengthen business & trade facilitation for export promotion
3. Expand the textiles and clothing hub to increase exports
4. Promote industrial clustering and integrated supply chain
5. Improve regulatory framework to create competitive business environment

Strengthened research for policy making and product development

1. Enhance the institutional capacity for research
2. Enhance collaboration between higher learning institutions, industry, and government

Functioning incubation centres and industrial parks

1. Establish national incubation centres and industrial parks
2. Establish cottage industries and
3. Support local products
4. Strengthen institutional and legal frameworks for
5. Innovation

Improved use of ICT

1. Improve capabilities for ICT use

Diversified tourism products and improved heritage sites

1. Increase tourism investment
2. Improve marketability and visibility
3. Improve protection and management of heritage resources
4. Improve institutional frameworks build sustainable infrastructure

Improved creative arts industry

1. Improve legal frameworks and regulations to create competition
2. Increase investment
3. Improve the functioning of the creative industry
4. Market Lesotho creative industry
5. Internationally and locally

...The Agriculture sector aims to unlock M3,969 mil in private investments, create additional 12,158 employment and contribute M5,091 mil to the GDP by 2022/23



Agriculture Sector True North

M5,091 mil
GDP contribution

M3,969 mil
Additional Private Investment

12,158
Additional Direct Employment

Livestock

EP 1: Red Meat

1. Jaja Farmers Piggery

EP 2: Dairy

2. Las Villas Dairy Farm
3. Lesotho Dairy Products Milk Aggregation
4. SMi Africa Dairy Production

EP 3: Poultry

5. Ramela & Associates Fenyane Layers Farm
6. Moremoholo Milling Inv Poultry Farm
7. NDU Fresh Chickens Expansion
8. Ratau Hatchery Project

Crops

EP 4: Cereals and Vegetables

9. MMP Commercial Farming
10. PLA Organic Potato Production
11. M&M Consortium Maize Milling
12. CAG Cotton Farming
13. Ramela & Associates Agrihub
14. Rietfontein Commercial Grains Production
15. Talana Integrated Vegetable Production

EP 5: Fruits

16. Amakharanate Pomegranate Farm
17. Limomonane Fruit Production
18. Stargrow Deciduous Fruits Production

Aquaculture

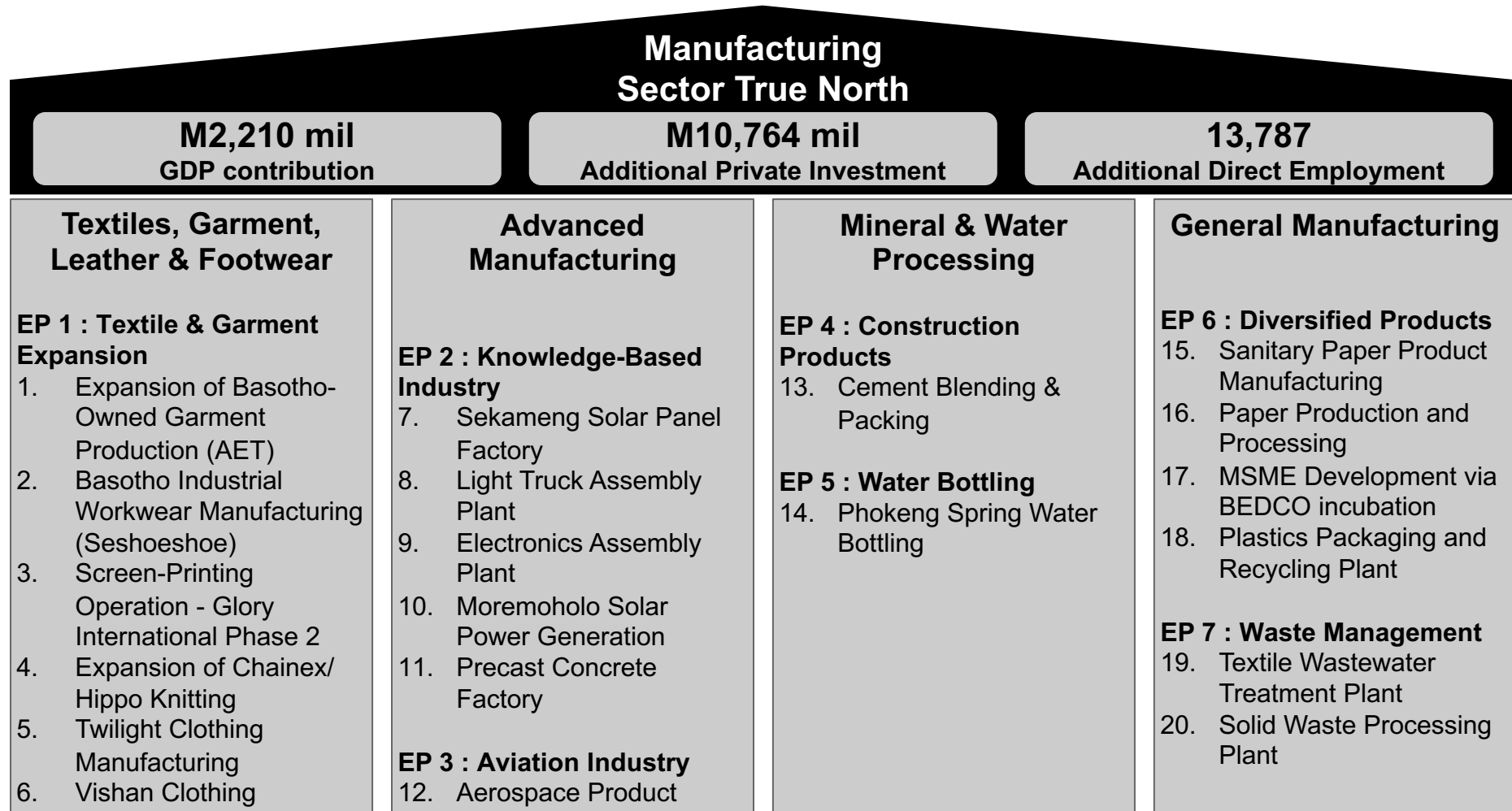
EP 6: Trout

19. Company XYZ Industrial Aquaculture Project
20. Loting Trout Mohale Dam Trout Farming Project
21. Greyburn Fisheries Mohale Dam Commercial Fishery

EP 7: Other Fisheries

22. Fishland Tilapia Project
23. Aqua Nalane Commercial Aquaponics

...The Manufacturing sector aims to unlock M10,764 mil in private investment, create additional 13,787 employment and contribute M2,210 mil to the GDP by 2022/2023



4. Conclusion



Main and critical challenge faced by Lesotho during implementation period of IPoA are related to Governance

- Need to prioritize and implement strategies to promote good governance and build effective institutions