

Lesotho Economic Roadmap

2018/19 – 2022/23

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OVER THE HORIZON

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LAB PARTICIPANTS

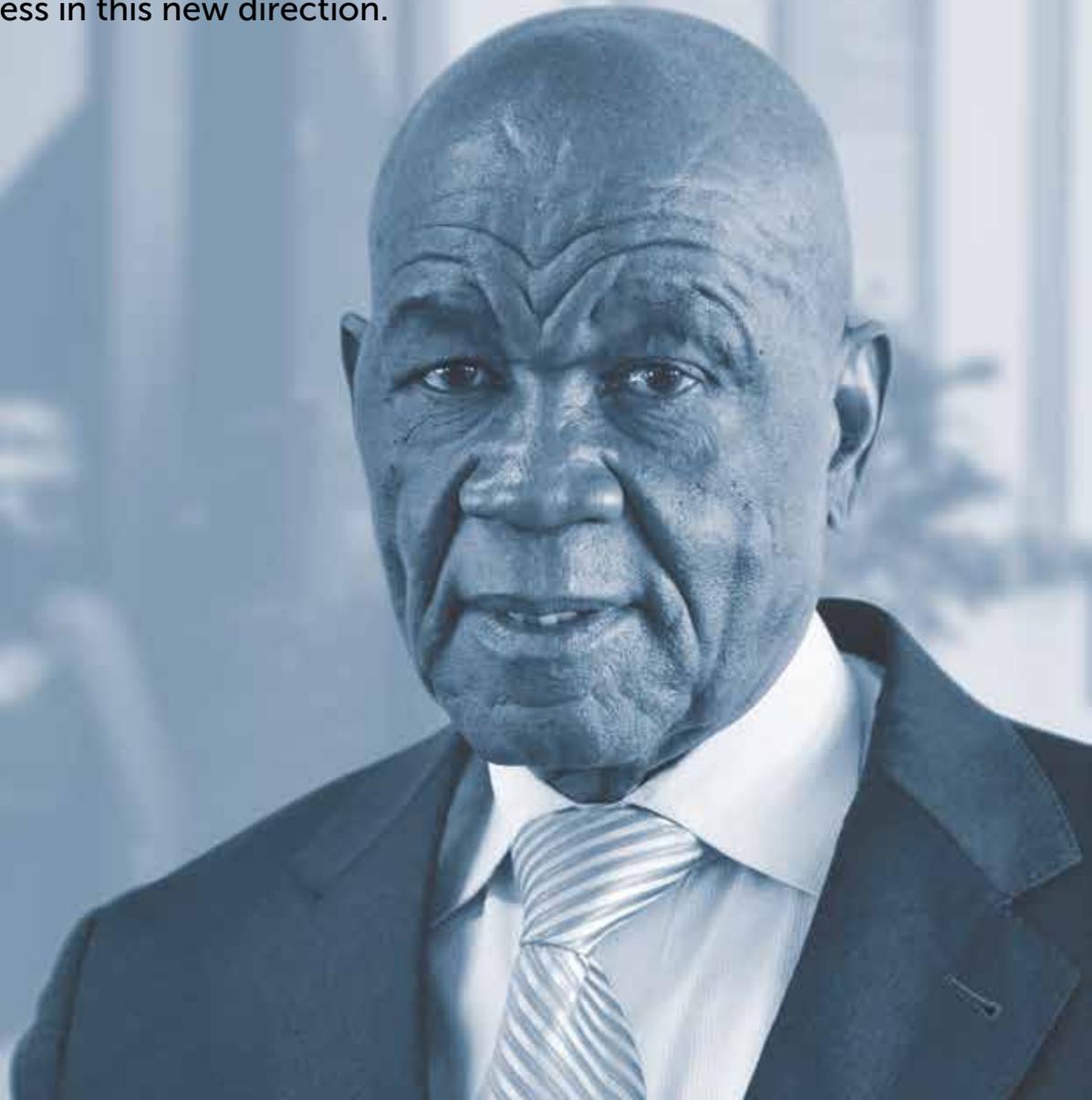


Foreword

Foreword

CHARTING THE COURSE FOR TRANSFORMATION

From its very inception, our Mountain Kingdom has always reflected the fearless resilience and aspirations of our people. As the world advances in an unprecedented rate, so too must we make our bold strides forward. The Government is firmly committed to transforming Lesotho's economy for the benefit of all Basotho, and I am pleased to say that we have made significant progress in this new direction.



While the National Strategic Development Plan (NSDP) I had yielded modest results between 2012 to 2017, we recognised the fundamental lessons that allowed us to build a robust plan for the next five years. The NSDP II charts our development strategy from 2018 to 2023, carrying us beyond Vision 2020.

The NSDP II envisions a state of shared economic prosperity, propelled by the private sector. In realising this, the Government initiated the Lesotho Economic Labs, focusing on the four key productive sectors in our economy: Agriculture, Manufacturing, Technology and Innovation, and Tourism and Creative Industries. The aim of these Labs was to create a rigorous implementation plan to transform Lesotho's economy, which demands the commitment of all parties involved from the public and private sector alike.

I am delighted to note that each sector now has determined a clear strategic direction, supplemented by a detailed course of action which they must follow through. I commend the enthusiasm of the lab participants over the exhaustive

10-week process, which includes the cabinet ministers, principal secretaries, government agencies, potential investors, subject matter experts as well as development partners. It is through their inputs and dedication that these plans have come to fruition, which we now share in this Roadmap.

However, I must emphasise that this marks the end of planning and the beginning of 'doing'. I trust the respective ministries to take the lead in working together with the investors in mobilising new resources whilst maintaining macroeconomic stability, and instituting reforms where necessary. This work requires synergy and support from everyone involved to resolve issues recursively. At the same time, the Government will continue to look at investment incentives and regulatory frameworks with the aim of improving the investment climate in support of these initiatives.

Altogether, the Labs have determined an ambitious target of increasing GDP by M14.4 billion, unlocking M19.9 billion in private investments, and generating over 30,000 jobs for all Basotho, through the implementation of over 70 projects. The Government must now deliver on these promises to the people.

But the work does not stop with us – it is for everyone. Thus, we urge the people of Lesotho to similarly devote their energy in supporting these initiatives to improve the quality of life for our fellow citizens more broadly. With your support, we can transform Lesotho into an equitable and inclusive economy for all.

I look forward to the coming years, when we will work hand-in-hand – government and private sector together – to develop our resources and people. In doing so, I believe that together with our esteemed partners and stakeholders, we will lead our blessed Kingdom into a new golden era that all of Basotho will be proud of.

KHOTOSO! PULA! NALA!



**The Right Honourable
Dr. Motsoahae Thomas Thabane
Prime Minister of Lesotho**

Foreword

GUIDING GROWTH FOR THE PEOPLE

Lesotho's economic direction has shifted several times since its independence. Today, the country must reposition itself in the current globally competitive environment.



The National Strategic Development Plan (NSDP) II focuses on the growth and diversification of the private sector, while building stronger linkages to the domestic economy and creating a conducive investment climate. This strategy aims at addressing the high unemployment rates by developing a more sustainable higher value local economy to create better quality jobs across sectors.

Recognising the fundamental challenges that emerged from the NSDP I and the urgency of the socioeconomic situation, the Government had initiated the Lesotho Economic Labs to generate Big Fast Results in ensuring the success of the NDSP II.

I am pleased to share that the Labs process has resulted in a comprehensive plan for the development of Lesotho's economy from 2018/19 to 2022/23, as set out in this Roadmap. The plan identifies the projects, stakeholders, key milestones and timelines, as well as problem-solving structures to drive the delivery of the initiatives in the respective sectors.

Collectively, the Labs have set a strategic direction and the following targets for each key sector:

- The Agriculture sector will contribute M5.1 billion to our GDP,

M3.9 billion in additional private investments and over 12,000 new jobs through the implementation of over 20 projects.

- The Manufacturing sector is expected to generate M2.2 billion in GDP contribution, M10.7 billion in additional private investments and over 13,000 direct jobs through the implementation of over 20 projects.
- The Technology and Innovation sector is expected to contribute M1.3 billion towards our GDP, M2.1 billion in additional private investments and almost 3,000 new jobs through the implementation of over 10 projects.
- The Tourism and Creative Industries sector aims to bring in M225 million in GDP contribution, M3 billion in additional private investments and create more than 1,000 direct jobs through the implementation of over 10 projects.

Through these efforts, we hope to achieve a GDP contribution of M14.4 billion, additional private investments of M19.9 billion, and additional direct employment of over 30,000 new jobs by 2022/23.

These Olympian targets can only be achieved through relentless commitment from the Government and all stakeholders involved. I must thank the investors who have committed their time and resources to develop our country and people, and I am confident that we will

continue to realise these plans together.

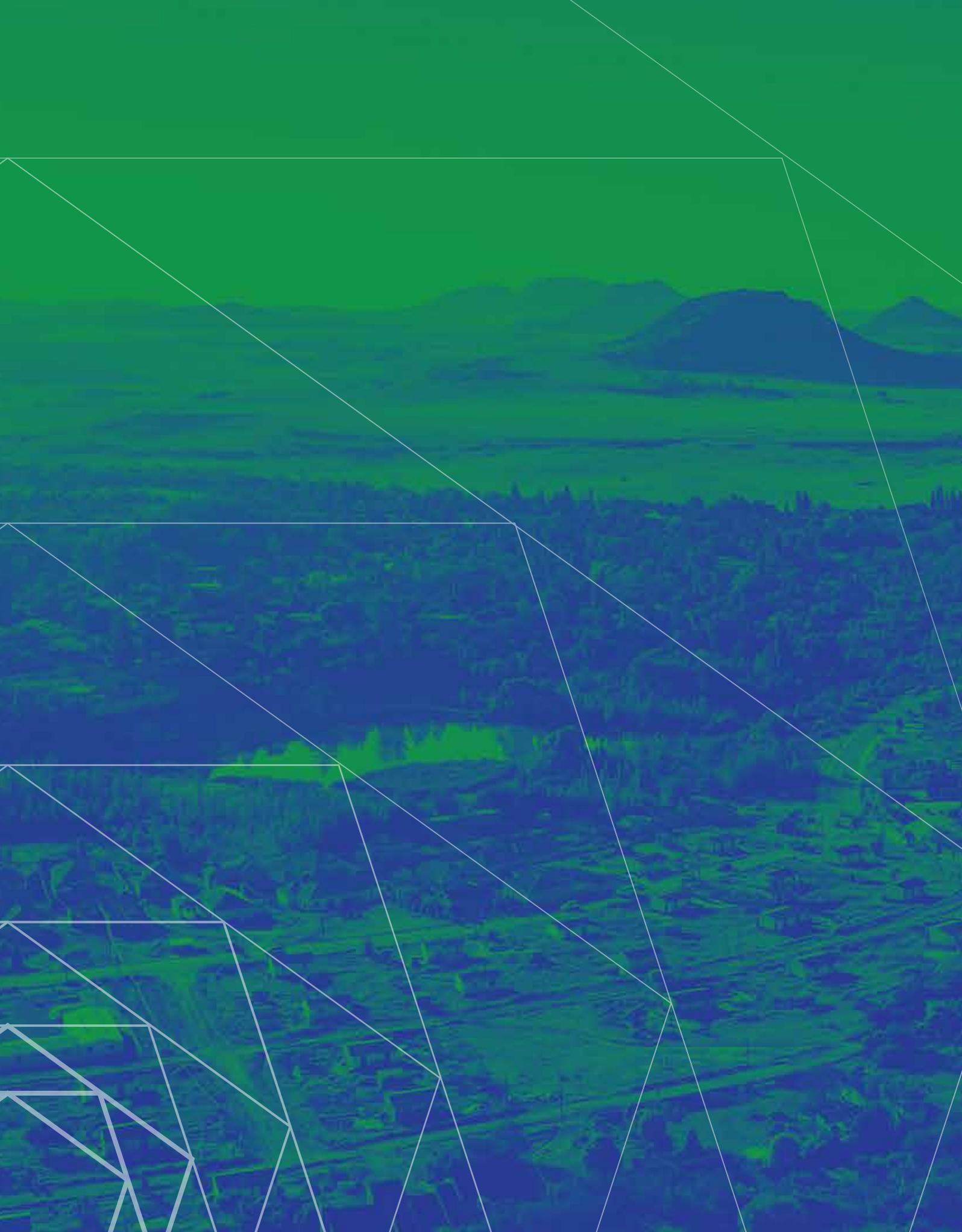
We are very pleased with the trajectory of the Lesotho Economic Labs thus far. We believe that this is a significant step forward in dealing with development challenges and getting the government, the private sector and other development partners to act decisively and quickly.

The outcomes of the Economic Labs have injected positive momentum towards the implementation of the National Strategic Development Plan (NSDP) II. Success in this programme will surely change the economic narrative of Lesotho very quickly, ushering us into a new and better economic landscape. This, we hope, will ultimately lead to poverty reduction and social inclusion across the country.

We look forward to expediting the earmarked projects with our partners in the private sector and all stakeholders, to steer our economy towards abundance and prosperity for the local communities and the nation at large.

KHOTSO! PULA! NALA!

**Hon. Tlohelang Aumane (MP)
Minister of Development Planning**



PART 1:

Introduction



Part 1

INTRODUCTION

The Lesotho Economic Labs (the Labs) are a result of the government's desire to effectively and efficiently implement its second National Strategic Development Plan (NSDP II), following a strategic review of the preceding plan, NSDP I.

Commencing in 2012/13 and concluding in 2016/17, the first National Strategic Development Plan (NSDP I) was a plan to transition the economy of Lesotho from one that was consumer-based and government-driven, to one that is producer-based and private sector-driven. At its heart were initiatives that sought to drive economic growth through the private sector while ensuring environmental and social protection, and improving the transparency and integrity of governance institutions.

While NSDP I saw many achievements during this period, there were also areas where it fell short – most notably in the quality of government institutions, funding, as well as oversight of the Plan itself.

Improving on and towards the objective of optimising NSDP II's implementation, the government decided to bring in external expertise in the form of consulting firm PEMANDU Associates. The firm had previously assisted other governments, including those in the African continent, to successfully plan and deliver their transformative plans.

With support from The Right Hon. Prime Minister and the Hon. Cabinet Ministers, the Lesotho Economic Labs were underway, focusing on promoting economic growth and job creation within the four identified productive sectors in the private sector; Agriculture, Manufacturing, Technology and Innovation, and Tourism and Creative Industries.

Under the guidance of PEMANDU Associates, the Labs were conducted using the consulting firm's proprietary Big Fast Results (BFR) Methodology - 8 Steps of Transformation[®], an end-to-end approach – beginning with strategic alignment all the way to implementation and even public communication – specifically designed to overcome the main challenges faced by governments during their respective national transformation efforts.

Within the Government of Lesotho's context, much of the methodology's efforts (~80%) focused on identifying strategic private sector projects that will help meet the Labs' goals. To do so, it was essential to objectively identify such investments within the four productive sectors.

Following the identification of potential projects, the projects themselves were subjected to two rounds of assessments to ensure their feasibility and effectiveness to the overall transformation agenda. Sessions between project owners and the relevant government bodies were held to iron out and resolve any problems or challenges that might be faced along the way, followed by the creation of implementation plans and key performance indicators (KPIs), as well as oversight structures.

Each of the four productive sectors has its own targets and goals in terms of greater GDP contribution, additional private sector investments, and direct job

creation. Aside from the individual Entry Point (EP) projects, the Labs also selected Special Projects that helped to support the EPs in general, as well as Enablers for the sectors themselves.

By the year 2022/2023, high-impact projects identified for the productive sectors through the Labs are expected to garner:

- M14.37 billion of GDP contribution
- M19.93 billion in additional private sector investments
- 30,021 new direct jobs

The key to ensuring the success of these projects and the 8-Step methodology itself is the creation of delivery units, both at the highest level of government administration (i.e. the Central Delivery Unit (CDU)), as well as at the ministerial level (Ministerial Delivery Units (MDUs)).

The CDU, in coordination with individual MDUs, will provide oversight of the projects by thoroughly monitoring and reporting on their implementation progress, as well as helping to troubleshoot or solve any problems that arise – all to ensure accountability throughout the delivery process.

Overview of the Lesotho Economic Labs

Background: NSDP I

The government developed its first National Development Plan (NSDP I) to elevate the country's socioeconomic conditions and improve the livelihoods and standard of living of all Basotho.

The main mission of NSDP I was to transform Lesotho's economy from a consumer-based economy driven by government spending, to a producer-based economy driven by private-sector investment.

The NSDP I was established with six initiatives to:

- Pursue high, shared, and employment-creating economic growth led by the private sector
- Develop key infrastructure

- Enhance the country's skills base, technology adoption, and foundations for innovation.
- Improve health, combat HIV/AIDS, and reduce social vulnerability
- Reverse environmental degradation and adapt to climate change
- Promote peace and democratic governance, and build effective institutions

In line with these initiatives, the NSDP I had the following four targets:

- Grow the economy at an average of 5.9% annually or 3.5% under a low growth scenario
- Produce an average of 50,000 private sector jobs (10,000/year)
- Halve the prevalence of HIV/AIDS
- Reduce the unemployment rate to 18%

However, the NSDP I did not fully realise its objectives.

A strategic review of its progress showed several encouraging accomplishments as well as areas for improvement. This revealed an emerging dynamism within the Lesotho private sector, as well as consensus on modernisation within the public sector.

Additionally, the interface between development partners and key ministries was fruitful with good progress on social protection.

However, several lessons could be drawn from the NSDP I. The identified areas for improvement shown on the right are intended to be addressed through the NSDP II.

Encouraging Accomplishments under NSDP I

-  Emerging dynamism in Lesotho's private sector
-  Emerging consensus to embark upon public sector modernisation
-  Effective interface between development partners and key ministries
-  Good progress on social protection

Areas for Improvement under NSDP I

-  Chronic political uncertainty and politicisation of civil service management
-  Institutional fragmentation and lack of coordination
-  NSDP design flaws concerning poverty reduction and employment generation
-  Weak link between NSDP priorities and spending patterns
-  Reduction in donor support
-  Untimely monitoring and evaluation and weak implementation management

NSDP II

To build upon the lessons learnt during NSDP I and optimise the implementation of the succeeding NSDP II, the government has decided to engage the consulting firm PEMANDU Associates to share its National Transformation Programme experience in Malaysia, as well as in other countries such as Tanzania, Nigeria, Botswana, Senegal, St. Lucia, Oman, Russia, and India.

By working closely with the highest levels of government, PEMANDU Associates has helped deliver national objectives in a sustainable and inclusive manner. Its approach in driving and delivering transformation enables its public sector clients to develop a clear strategic direction, which is then translated into detailed implementation programmes, with the quantifiable outcomes and progress effectively communicated to stakeholders.

A Cabinet Strategic Direction Workshop was conducted on 20 December 2018 to obtain consensus from the Cabinet Ministers to conduct the Lesotho Economic Labs for the four productive sectors under Key Priority Area 1 (KPA 1) of NSDP II.

Those four productive sectors are Manufacturing, Agriculture, Technology and Innovation, and Tourism and Creative Industries. The workshop also introduced members of the Cabinet to key personnel of PEMANDU Associates, who shared the 8-Step Methodology and PEMANDU's experiences in Malaysia, as well as countries in Africa and beyond.

Lesotho Economic Labs Objectives

The Lesotho Economic Labs focused on KPA 1 under NSDP II, to drive economic growth led by the four productive sectors: Agriculture, Manufacturing, Technology and Innovation, and Tourism and Creative Industries. KPA 1 emphasised promoting inclusive and sustainable economic growth, and private sector-led job creation.

The 8-Step Methodology, based on the Malaysian model and tailored for Lesotho, depends on the participation of relevant parties from the public and private sectors – including project owners, stakeholders, government ministries and agencies – in the decision-making process through intensive labs.

The participation of all parties concerned is important because the parties all play a role in supporting the goals of economic diversification in Lesotho. Additionally, this approach reinforced the programme's principles of shared accountability and transparency.

The economic labs provided a mechanism for sustainable dialogue among the relevant parties to discuss sectoral challenges in light of the current global and regional economic conditions. They also helped to identify significant obstacles which may interfere with the implementation of development projects, and solved problems by suggesting implementation solutions aimed at bringing about the desired economic and social outcomes.

The programme also enhanced trust and collaboration between society and government on one hand, and government and the private sector on the other, to establish a healthy work environment based on open and transparent dialogue.

By holding periodic meetings and sessions attended by relevant stakeholders, all parties were able to provide input to support the decision-making process and solve problems together. This is especially crucial during the project implementation phase.

As such, the Lesotho Economic Labs materialised with a focus on KPA 1: Economic Growth led by the four productive sectors.

Inclusive Growth, Employment Creation, and Private Sector-Driven Economy			
KPA 1	KPA 2	KPA 3	KPA 4
Promoting inclusive and sustainable economic growth and private sector-led job creation	Strengthening human capital (health, nutrition, education and skills development)	Building enabling infrastructure	Strengthening governance and accountability systems
A. Agriculture	B. Manufacturing	C. Technology & Innovation	D. Tourism & Creative Industries
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 Operational industrial clusters and integrated supply chain 1. Promote industrial clustering and integrated supply chain 2. Improve regulatory framework to create a 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 on learning and research Functioning incubation centres and industrial parks 1. Establish national incubation centres and industrial parks 2. Establish cottage industries and support locally developed products 3. Strengthen institutional and legal frameworks for innovation Improved use of ICT 1. Improve capabilities for ICT use	Improve and diversify tourism products 1. Increase tourism investment 2. Improve visibility of Lesotho as a destination of choice 3. Improve protection and management of heritage resources 4. Improve institutional frameworks for tourism 5. Build sustainable infrastructure for tourism Improve the creative arts industry 1. Improve legal frameworks and regulations to create a competitive industry 2. Increase investment in creative arts 3. Improve the functioning of the creative industry 4. Market Lesotho's creative industry internationally and locally Improve sports and recreation activities 1. Improve infrastructure for sports and recreation 2. Enhance inclusive sports and recreational programmes 3. Improve sports and recreational institutional capacities 4. Promote sports for business

Lesotho Economic Labs Methodology

The Lesotho Economic Labs utilises the Big Fast Results (BFR) - 8 Steps of Transformation® Methodology and the 5-Step Approach to guide its implementation process.

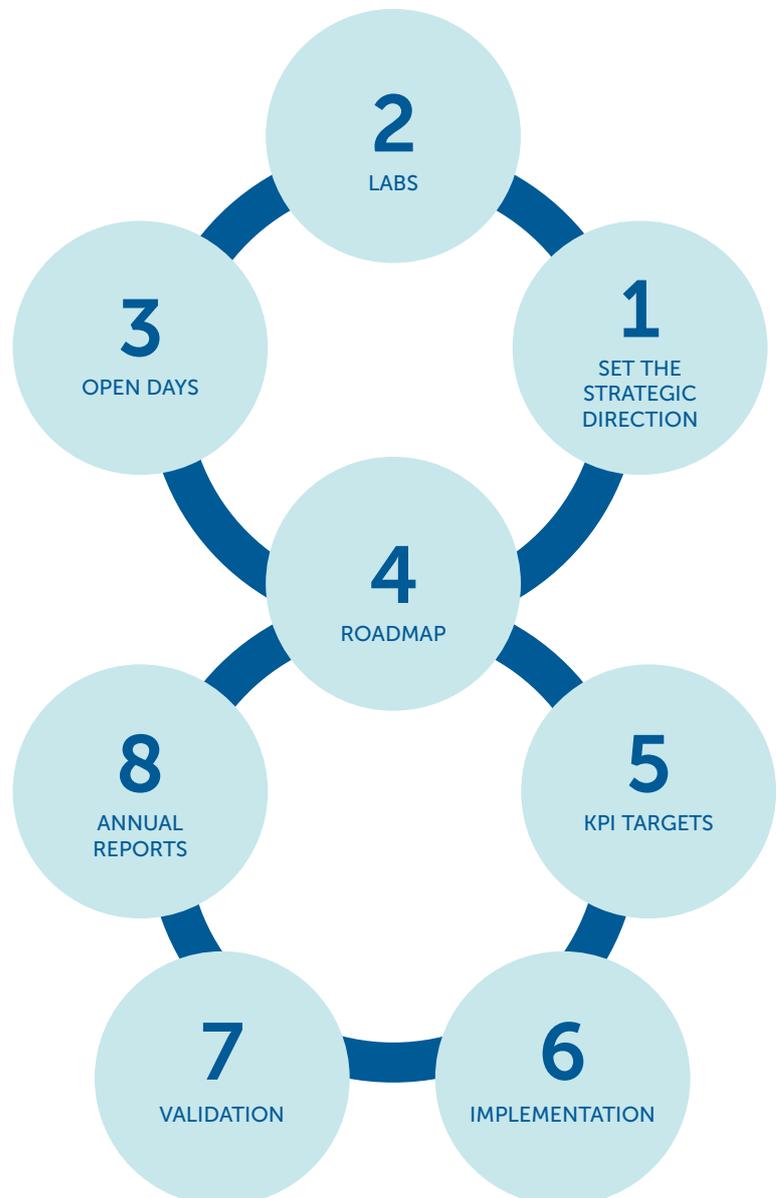
Big Fast Results (BFR) Methodology - 8 Steps of Transformation®

The 8-Step Methodology is an approach that is radical but structured, emphasising clear diagnosis, planning, implementation, execution and feedback. It effectively addresses eight identified challenges faced by governments during a national transformation process:

8 Common Issues

1. Unclear direction, not focused
2. Lack of leadership commitment
3. High level plans not translated into practical programme
4. Rigid implementation
5. Silo mentality and work approach
6. Public demands and input not adequately heard or obtained
7. Poor accountability
8. Lack of transparency and trust

8 Steps To Address Them



Using this radical 8-step approach, all challenges faced by the administration are systematically identified and tackled together with the relevant stakeholders. And in the spirit of ensuring the utmost transparency and accountability throughout the process, all results are then validated by independent parties and made known to members of the public.

Unpacking The 8 Steps

Step	Summary	Action
1	Setting the strategic direction	This first step is crucial to determine the strategic direction required. The top-level decision makers ascertain the direction needed for the country to move forward. In this case, a vote was put to the Cabinet to obtain consensus and alignment.
2	Labs	In this second step, the parties concerned ascertain in detail what needs to be done. This step requires a rigorously facilitated workshop, known as a Lab, to be conducted for all relevant stakeholders to brainstorm, identify prioritised initiatives and establish a detailed implementation plan.
3	Open Days	By organising Open Days, the government can share the Labs' output with people and get their feedback. Key lab members will present the output to the public to scrutinise the details and provide their feedback.
4	Roadmap	In this fourth step, the government will inform the public about what they are going to do and how they are going to achieve the said targets. This includes a timeline of events. The Lab details are converted into a national roadmap that is easily accessible to the public. It also serves as a reference point for future implementation work.
5	KPI Targets	In this step, both the project owners and the government set KPIs to monitor and track the progress of the projects being implemented.
6	Implementation	This step involves problem-solving on the ground during implementation. The monitoring and tracking of KPIs are systematically pursued to ensure good performance management in delivering initiatives. A governance structure is also established to institutionalise top-down accountability.
7	Validation	An external auditor or independent panel will be appointed to validate the results. This is to uphold transparency and impartiality in the implementation outcomes.
8	Annual Reports	Once the results are independently validated, an annual report of the national programme is published to officially announce the year's achievements.

The Five-Step Approach

A strategic five-step approach was also adopted to funnel applications from each of the sectors down in order to pick the most vital projects.

The process starts with identifying eligible projects, each of which then undergo two rounds of assessments, followed by problem-solving sessions to determine the courses of action available. The final selection of chosen projects will see their implementation plans and KPIs.

A 5-step approach was adopted to objectively identify and unlock investments for the productive sector.

STEP 1

Project Identification

- Discussion with the four productive sectors' Ministries on their True North for GDP, job creation and private investment
- Discussion with the Ministries on both ongoing and pipeline projects
- Engagement with the private sector investors via townhall to submit information on their investment and project plans

STEP 2

Round 1 Assessments

- Validate the projects with the Ministry and other relevant stakeholders (i.e. Lesotho National Development Corporation, Lesotho Tourism Development Corporation)
- Project owners were requested to provide various business and legal documents to determine the legitimacy and feasibility of implementing the projects

STEP 3

Round 2 Assessments

- Project owners were requested to complete a standard project template and a financial assessment form which will confirm the year-on-year investment and job creation
- A final list of projects was identified based on financial record, legitimacy, implementation readiness and information completeness

STEP 4

Problem-Solving

- Problem-Solving sessions were conducted from 13 March to 3 April 2019
- The proposed solutions from the Labs were syndicated with relevant ministries, departments and agencies (MDAs) to obtain their commitment to resolve and fast-track the projects' implementation

STEP 5

Implementation Plans and KPIs

- Detailed implementation plans for each project were documented based on the project life cycle
- KPIs were defined for each project and will be tracked until 2022/2023
- Governance structures for all four productive sectors were proposed to ensure a rigid monitoring process during implementation

Step 1: Project Identification

A project townhall for each productive sector was conducted to determine the potential investment value for each identified project. All potential project owners and investors were requested to complete an initial investment form to gauge the investment value and potential job creation for each project within the productive sectors.

The objectives of the project identification are to (1) estimate potential investment within the respective economic sectors, (2) understand the common issues faced by investors and private sector players, and (3) discuss and share potential industry-wide solutions to enhance sectoral development.

Step 2: Round 1 Assessments

Each project owner was required to provide relevant documents to prove feasibility and implementation readiness. Projects were then categorised based on the star-rating system.

The list of documents required for the assessment included, but were not limited to, (1) previous project presentations, (2) business plan, (3) financing documents, (4) feasibility study, (5) EIA (Environmental Impact Assessment) study, (6) licences/approvals, (7) MoUs (Memorandum of Understanding), and (8) land title of project site, if applicable.

Star Rating ★ ★ ★ ★ ★	Criteria	
5	Already broke ground but facing challenges: <ul style="list-style-type: none"> • Project is approved and is ongoing • Project is delayed due to some challenges • Project has commenced but has potential to be accelerated for completion 	
4	Ready to be implemented: <ul style="list-style-type: none"> • Project site identified • Project feasibility study done • Financial modelling completed • Business modelling completed • Does not require funds from Government • Have obtained all licenses and approvals to operate • All offtake agreements and negotiations in place 	
3	Project Needs Minor Facilitation & Intervention <ul style="list-style-type: none"> • Project site identified • Business modelling completed • Financial modelling completed • Has access to partial funding • Has obtained licences and approvals to operate • All offtake agreements and negotiations in place 	1 of the items missing
2		2 of the items missing
1		3 or more of the items missing
0	Conceptual stage <ul style="list-style-type: none"> • No proof of concept • No details of potential site • No investor targeted 	

Step 3: Round 2 Assessments

The second round of assessments further assessed the feasibility to implement the projects and identified issues which require intervention. Project owners were required to complete the standardised project and financial assessment forms, and highlight pertinent issues which required government intervention to unlock the investment. The components of the standardised forms included a project charter, a project impact template, top 5-6 critical path items, and a detailed problem-solving statement.

Step 4: Problem-Solving

Problem-solving sessions were conducted through concerted efforts by relevant ministries, departments and agencies to fast-track the resolution of issues. They included core team problem-solving meetings, external stakeholder briefings, ministry syndications, and mid-lab as well as final syndications.

Stages	Summary
Core Team Problem-Solving Meetings	<ul style="list-style-type: none"> • Core team members comprising senior government officers led the discussions and assisted in problem-solving issues based on their jurisdiction and expertise • All issues and resolutions were documented for future reference
External Stakeholder Briefings	<ul style="list-style-type: none"> • External stakeholders from regulatory agencies, NGOs and financial institutions were involved to provide support and clarity on available interventions so that Lab members can leverage on opportunities • Follow-up discussions and engagements were arranged separately
Ministry Syndications	<ul style="list-style-type: none"> • Syndication sessions were conducted with the respective ministries to obtain high-level approval for projects and to make decisions on key issues that require immediate resolution
Mid-Lab and Final Syndications	<ul style="list-style-type: none"> • The Mid-Lab Syndication was conducted to present the preliminary list of projects and figures to Cabinet Members • The Final Syndication (Closing Ceremony) was held with the Hon. Deputy Prime Minister and Hon. Cabinet Ministers to agree on the final list of projects, KPIs and governance structures for implementation

Step 5: Implementation Plans and KPIs

The detailed implementation plan of each project was documented to ensure ease of tracking and monitoring for the future Delivery Unit and implementation team. This was also done to ensure accountability of all parties involved. KPIs were formulated based on milestones for each project to measure the success of implementation.

Creating a producer-based economy

The Lab methodology anchored on the 'doing' rather than the 'being', in other words, a focus on delivering tangible results. To steer Lesotho's economy towards one that is producer-based and led by the private sector, the Labs focused 80% of their efforts on identifying strategic projects that create jobs and private investment, with the remaining 20% on facilitating government commitment to build the required infrastructure.

Doing (Demand) 80%

Identify strategic projects that create jobs and private investment



Being (Supply) 20%

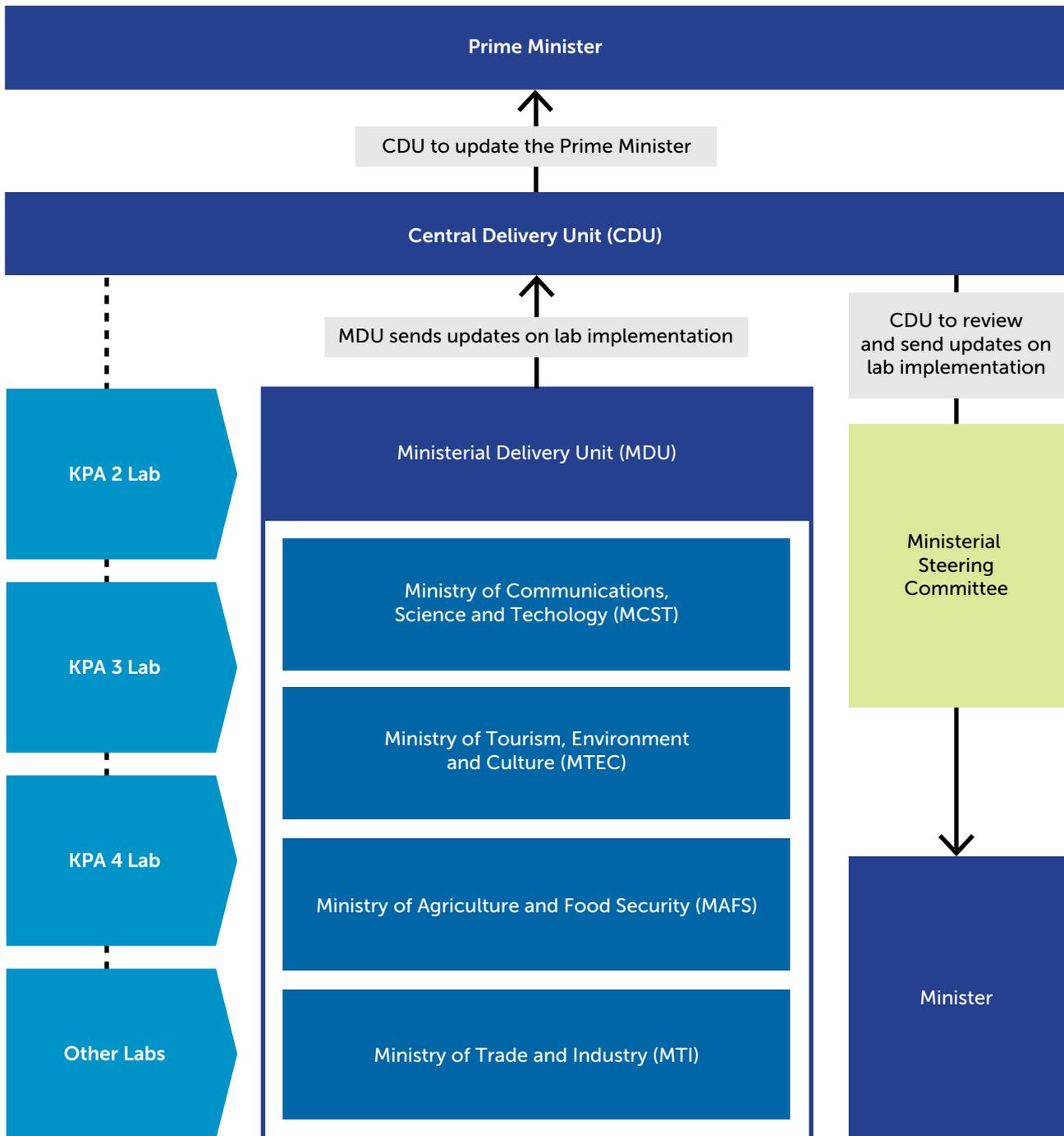
Government commitment to build required infrastructure



Lesotho Economic Labs Governance

Governance is a crucial aspect of the running of a country. It relates to the processes of decision-making and interaction that lead to the creation and enforcement of social norms and institutions.

Due to its importance, a governance structure is recommended to institutionalise top-down accountability under Step 6 of the 8-Step Methodology.



A dedicated unit under the Prime Minister’s office, the Central Delivery Unit (CDU), will be established to oversee the delivery of the Labs’ projects.

The CDU’s key role is to ensure that all projects under the Labs are carried out as per planned by implementing a rigorous and systematic monitoring and evaluation mechanism. They also need to produce a recursive problem-solving approach to expedite the implementation of projects.

Another key role of this unit is to assist each sector’s Ministerial Delivery Units (MDUs) to problem-solve any issues that may occur during implementation. They are also expected to share weekly updates on the projects’ progress with the Ministers and the Prime Minister. The team will also be responsible to carry out any additional Labs for the remaining KPAs under NSDP II, if requested by the government.

Meanwhile, each sector’s MDU will work closely with CDU, project owners, and supporting Ministries, Departments and Agencies (MDAs) to ensure project delivery. Weekly updates will also be communicated with CDU for CDU to share with the higher administration.

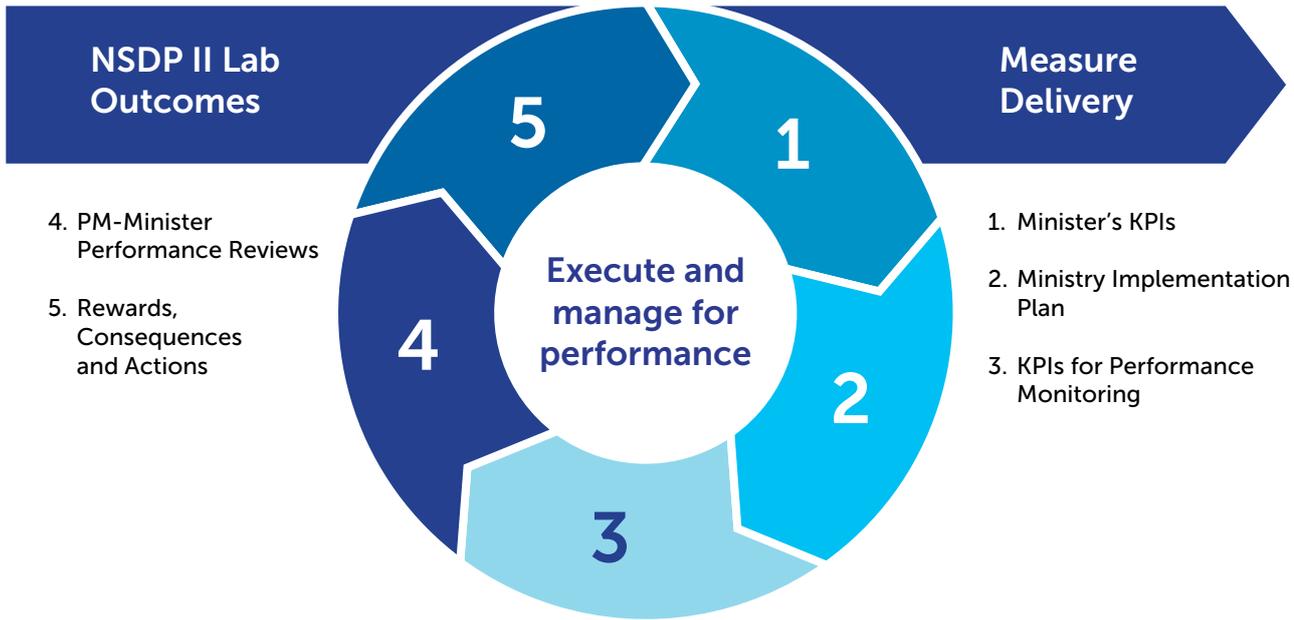
To resolve any issues, a step-by-step approach is applied for all performance monitoring and problem solving. Day-to-day problems that cannot be fixed by the project owners are consolidated and discussed in the weekly CDU and MDU meetings.

If the project issues still cannot be resolved, they are tabled in the monthly Pre-Steering Committee meeting, which reviews concerns to be resolved and to be presented to the Steering Committee. The review sessions will also be attended by the sectoral Principal Secretaries.

The Steering Committee (SC), which holds its meetings monthly, provides direction and guidance in solving issues. The meetings are attended by Ministers, sectoral Principal Secretaries (PS), CDU & MDU secretariats and the affected project owners. Unresolved problems of national importance are discussed in the quarterly/semi-annual Prime Minister’s problem-solving meeting.

	WORKING STRUCTURE	OBJECTIVE	OWNER / MEMBER
Quarterly / Semi-Annual	PM’s Problem-Solving Meeting	<ul style="list-style-type: none"> • Key Interventions requiring Prime Minister’s decision 	<ul style="list-style-type: none"> • Prime Minister • Sectoral Minister • CDU Minister
Monthly	Steering Committee Sectoral Minister & CDU Minister	<ul style="list-style-type: none"> • Direction and guidance • Problem-solving 	<ul style="list-style-type: none"> • Sectoral Minister • CDU Minister • Sectoral PS • CDU & MDU Teams • Project Owners/Investors
Monthly	Pre-SC Sectoral PS, CDU & MDU Teams	<ul style="list-style-type: none"> • Draft SC deck, with problem-solving slides (discussed with MDU) 	<ul style="list-style-type: none"> • Sectoral PS • CDU & MDU Team
Weekly	CDU & MDU Meeting	<ul style="list-style-type: none"> • Consolidate updates • Problem solving 	<ul style="list-style-type: none"> • CDU • MDU • Project Owner/Investors
Daily	Project Owners’ Action	<ul style="list-style-type: none"> • Implement initiative • Provide updates 	<ul style="list-style-type: none"> • Project Owner/Investors

The governance structures exhibited will support the CDU’s performance-based approach to drive the transformation programme under the NSDP II as follows:

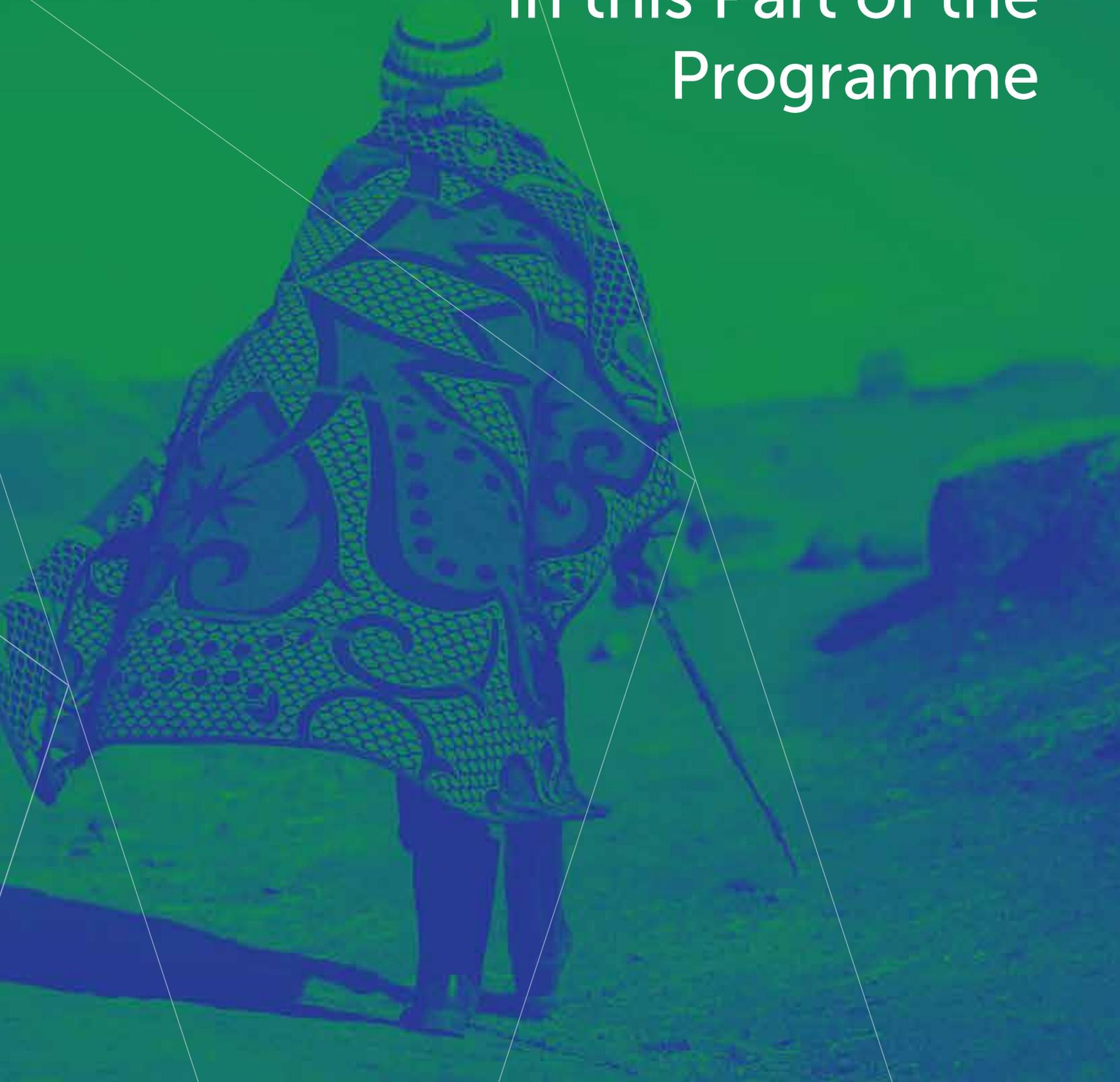


No.	Working Norms	Activities
1	Minister's KPIs	Minister's KPIs will be recommended during the Lesotho Economic Labs. The KPIs will be agreed by the Ministers during the Lab closing session.
2	Ministry Implementation Plan	Each ministry will establish MDUs and set up implementation teams to start delivering on the prioritised projects according to the implementation plans derived from the labs.
3	Ministry KPIs for Performance Monitoring	Each MDU will provide weekly and monthly performance monitoring as well as progress updates on their implementation programme through the weekly KPI dashboard.
4	PM-Minister Performance Reviews	Every three or six months (quarterly, mid-year and end-year), the sectoral Minister will meet with the Prime Minister and CDU Minister to review performance against the Minister's scorecard.
5	Consequence Management (Reward & Punishment)	Following the PM-Minister performance review, the Prime Minister will provide feedback to the Minister along with either a 'reward' or 'punishment' as part of the consequence management exercise.



PART 2:

Steps Achieved in this Part of the Programme



Part 2

STEPS ACHIEVED IN THIS PART OF THE PROGRAMME

Setting the Strategic Direction

The National Strategic Development Plan (NSDP) II emphasises private sector development and the pursuit of sustainable inclusive growth, its framework incorporating the lessons from NDSP I (2012/2013 - 2016/2017).

The government engaged PEMANDU Associates to assist with strategic implementation in order to ensure the success of NSDP II. PEMANDU Associates drew from their National Transformation Programme experience in Malaysia and other countries such as Tanzania, Nigeria, Botswana, Senegal, St. Lucia, Russia and India.

The overall strategic approach taken by the Government of Lesotho included the use of two tools - the 8-Step Methodology and the Five-Step Approach, as explained in the Methodology section.

Obtaining Consensus

A Cabinet Strategic Direction workshop was conducted on 20th December 2018, with two clear objectives: to share the 8-Step Methodology and PEMANDU's past experiences, and to obtain consensus to conduct the Lesotho Economic Labs for the four productive sectors under Key Priority Area 1 (KPA 1) of the NSDP II.

A vote was put to the Cabinet to seek approval to conduct the Economic Labs. Over 90% of the ministers agreed to implement the 8-Step Methodology and Labs for the productive sectors, but suggested starting the Labs in February 2019 to allow adequate time for the government to prepare.

Based on the overwhelming consensus in favour of the motion, the Lesotho Economic Labs materialised and focused on Key Priority Area 1 (KPA 1), which promotes inclusive and sustainable growth and private sector-led job creation.

The True North for KPA 1 is to ultimately achieve inclusive growth and employment creation through a private sector-driven economy. It aims to achieve M14,367 mil in GDP contribution, M19,933 mil in additional private investment, and 30,021 additional direct employment.

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

A. Agriculture	B. Manufacturing	C. Technology & Innovation	D. Tourism & Creative Industries
Sectoral Strategic Outcomes			
<p>Sustainable commercial agriculture</p> <ol style="list-style-type: none"> 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 	<p>Diversified products and effective business linkages</p> <ol style="list-style-type: none"> 1. Improve manufacturing capabilities and move into knowledge-intensive value chains 2. Strengthen business & trade facilitation for export promotion 3. Expand the textiles and garment hub to increase exports <p>Operational industrial clusters and integrated supply chain</p> <ol style="list-style-type: none"> 1. Promote industrial clustering and integrated supply chain 2. Improve regulatory framework to create a competitive business environment 	<p>Strengthened research for policymaking and product development</p> <ol style="list-style-type: none"> 1. Enhance the institutional capacity for research 2. Enhance collaboration between higher learning institutions, industry, and government on learning and research <p>Functioning incubation centres and industrial parks</p> <ol style="list-style-type: none"> 1. Establish national incubation centres and industrial parks 2. Establish cottage industries and support locally developed products 3. Strengthen institutional and legal frameworks for innovation <p>Improved use of ICT</p> <ol style="list-style-type: none"> 1. Improve capabilities for ICT use 	<p>Improve and diversify tourism products</p> <ol style="list-style-type: none"> 1. Increase tourism investment 2. Improve visibility of Lesotho as a destination of choice 3. Improve protection and management of heritage resources 4. Improve institutional frameworks for tourism 5. Build sustainable infrastructure for tourism <p>Improve the creative arts industry</p> <ol style="list-style-type: none"> 1. Improve legal frameworks and regulations to create a competitive industry 2. Increase investment in creative arts 3. Improve the functioning of the creative industry 4. Market Lesotho's creative industry internationally and locally <p>Improve sports and recreation activities</p> <ol style="list-style-type: none"> 1. Improve infrastructure for sports and recreation 2. Enhance inclusive sports and recreational programmes 3. Improve sports and recreational institutional capacities 4. Promote sports for business

The framework for Lesotho’s Economic Labs focused on generating more GDP, investment and jobs via the four productive sectors as per the NSDP II.

No.	Sector	KPI
1	Agriculture	Private Investments: M3.97 billion Employment: 12,158 GDP Contribution: M5.09 billion
2	Manufacturing	Private Investments: M10.76 billion Employment: 13,787 GDP Contribution: M2.21 billion
3	Technology & Innovation	Private Investments: M2.13 billion Employment: 2,943 GDP Contribution: M1.29 billion
4	Tourism & Creative Industries	Private Investments: M3.07 billion Employment: 1,133 GDP Contribution: M225 million

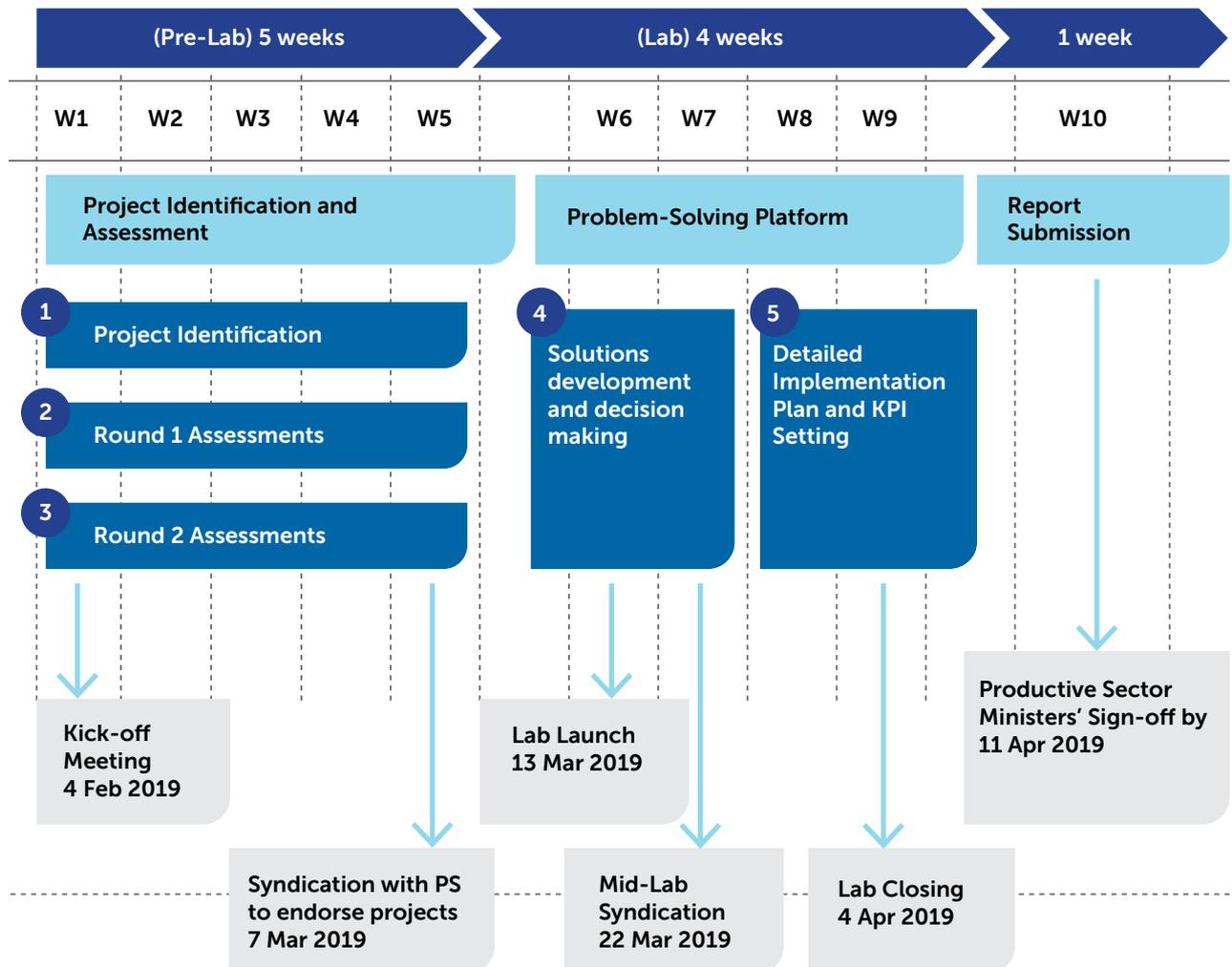
Labs

Following the completion of the strategic direction workshops, each of the four productive sectors' Ministries organised Labs using the 8-Step Methodology.

Projects were also selected through the five-step approach where projects with high potential of unlocking private investments were selected. With close to 400 project owners engaged, the Labs were able to identify the projects that would yield high economic impact for the country.

The Labs were implemented in 10 weeks, which includes the Pre-Lab (5 weeks), Lab (4 weeks) and Post-Lab (1 week) phases. The Lab (4 weeks) took place from 12th March 2019 to 4th April 2019, and featured participation from various stakeholders including relevant government agencies, regulatory authorities, and private sector project owners.

Lesotho Economic Labs Key Milestone



*PS = Principal Secretaries of each Ministry

An overview of the general outcomes of the Labs

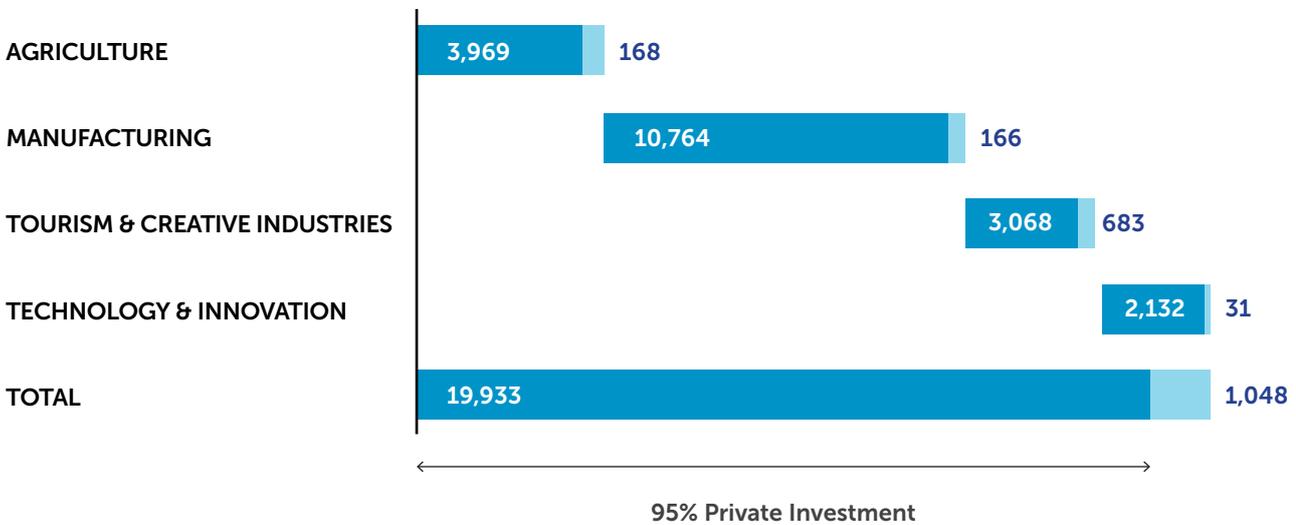
At the end of the 10-week duration, a report of the outcomes for all sectors was issued. The report included details of activities related to every initiative or project. The detailed implementation plans, KPIs, and budgets were included in the report as well.

By 2022/2023, the productive sectors will generate new investments worth M19.9 billion which will, in turn, be supported by M1.0 billion of public sector investments. Meanwhile, these new investments will create 30,021 new direct jobs for Basotho.

Private Investment Projection of the Four Productive Sectors by 2022/23

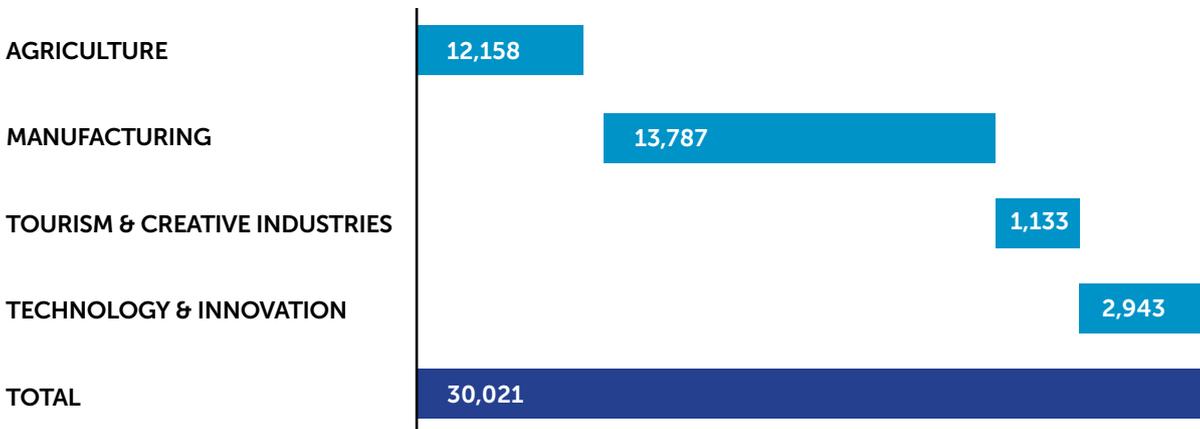
M mil

■ Private ■ Public



Direct Job Creation Projection of the Four Productive Sectors by 2022/23

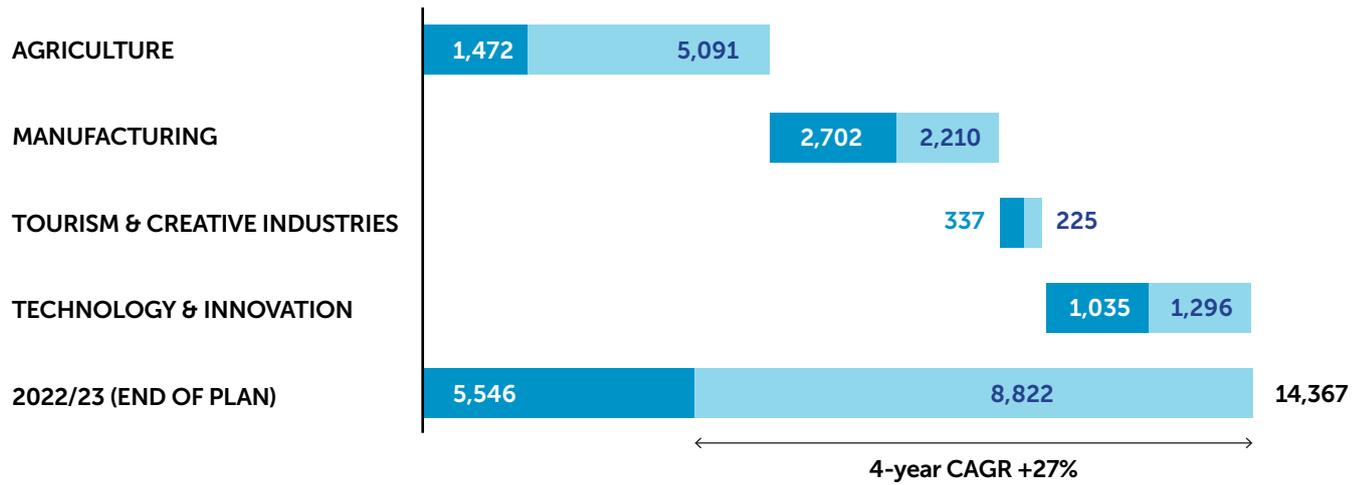
Vacancy



GDP Projection of the Four Productive Sectors by 2022/23

M mil

■ Baseline ■ Incremental



Source : Lesotho Economic Labs, PEMANDU Analysis

Note : Baseline is based on NSDP II Forecast for the year 2018/19. All numbers are rounded to the nearest million.

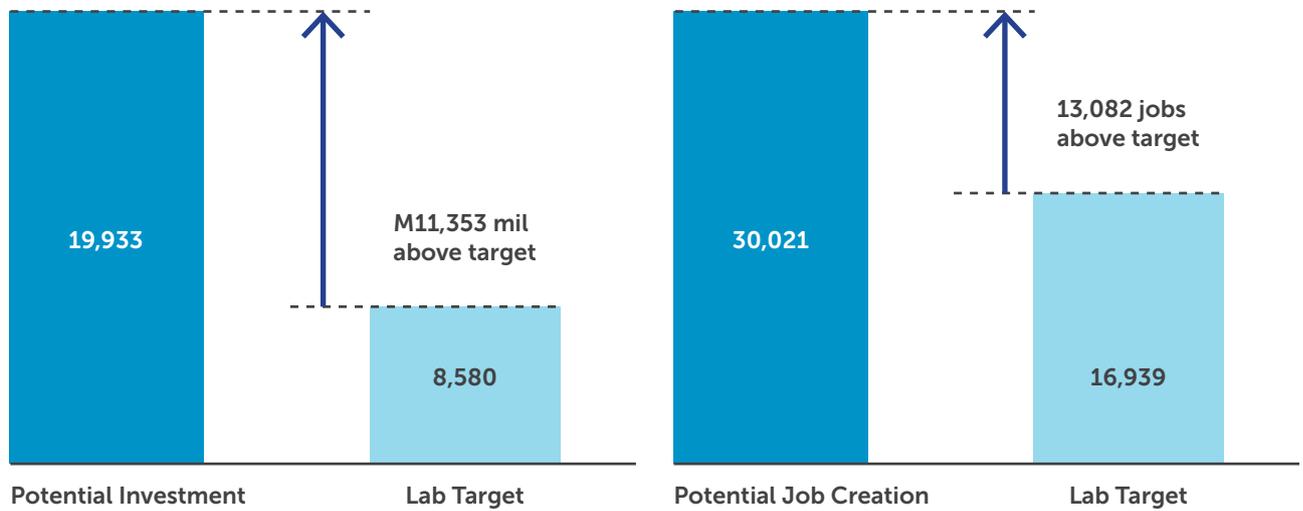
These figures represent an overachievement set during the Labs, being far above the targeted private sector investment and job creation targets set before the Labs began.

Total Investments for the Four Productive Sectors

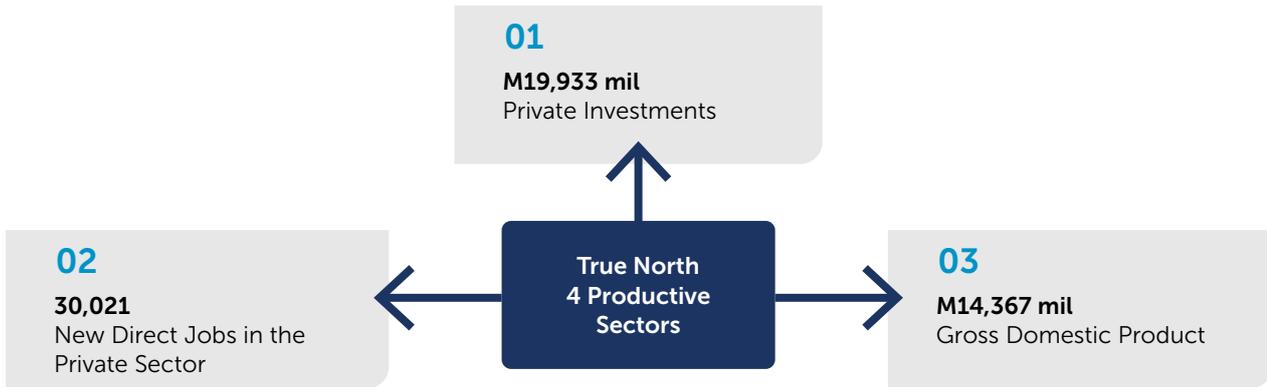
M mil

Total Jobs for the Four Productive Sectors

Number of Jobs



Thus, the four productive sectors will have four years to achieve the “True North” of unlocking M19.9 billion in private investments, creating 30,021 new direct jobs in the private sector, and contributing M14.4 billion to Lesotho’s GDP by 2022/2023.



These Lab outcomes have the full buy-in of the Prime Minister, Deputy Prime Minister and the four Ministers overseeing the four productive sectors.

Certificate of Stakeholders’ Acknowledgement

I hereby affirm my contribution and support for the recommendations of the Lesotho Economic Labs conducted from 12th March 2019 to 4th April 2019. I will continue to work closely with the private sector and address implementation challenges that may come our way.

Ministry	Signature
Ministry of Communications, Science and Technology	Hon. Thesele Maseribane
Ministry of Tourism, Environment and Culture	Hon. Joang Molapo
Ministry of Agriculture and Food Security	Hon. Mahala Molapo
Ministry of Trade and Industry	Hon. Habofanoe Lehana

Handwritten signatures in black ink corresponding to the names in the table above, positioned to the right of the signature column.



PART 3:

Sector Outcomes



Agriculture Sector



Part 3: Sector Outcomes

AGRICULTURE SECTOR

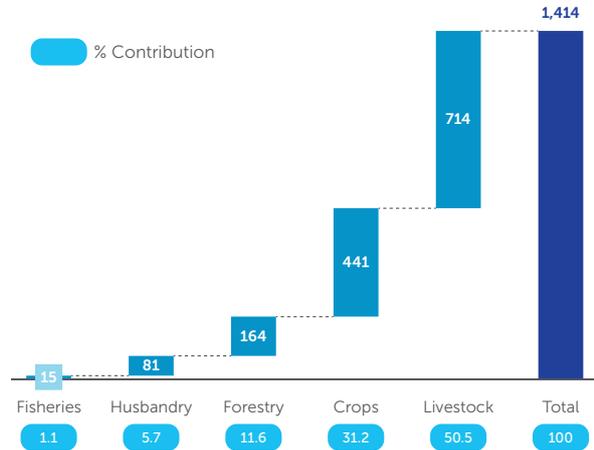
Overview

The Agriculture sector is one of four main economic sectors highlighted in the ational Strategic Development Plan (NSDP) II (2018/2019-2022/2023), which aims to achieve a private sector-led, producer-based economy.

As Lesotho’s 4th largest sector, agriculture contributed M1.41 billion (5.8%) to its economy in 2016 with a recorded sectoral growth of 5.1% CAGR from 2007 to 2016.

Sectoral growth has been driven largely by the Livestock and Crops sub-sectors, which accounted for 50.5% and 31.2% respectively to agricultural GDP contribution in 2016.

Agriculture, Forestry, Fishing GDP Breakdown, 2016
M mil



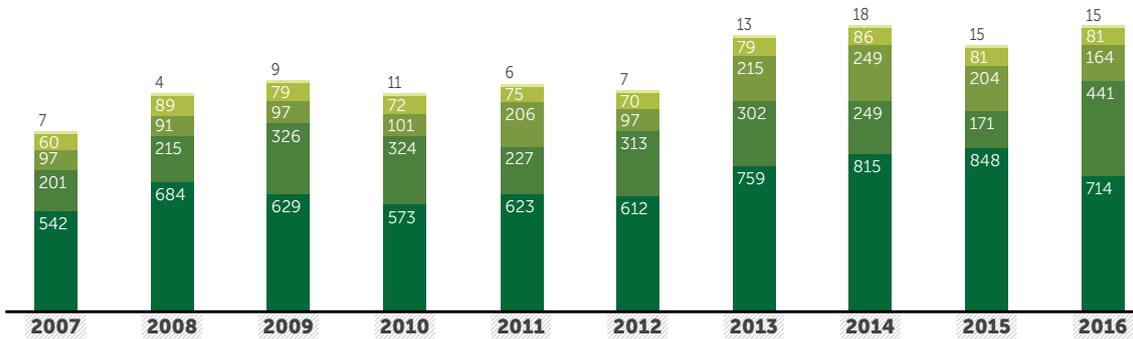
In total, the Livestock and Crops sub-sectors contributed the most (combined total of 81.7%), whilst Forestry, Husbandry, and Fisheries contributed the least to the Agriculture sector.

Source : National Accounts of Lesotho 2007-2016

Although sectoral growth improved at a CAGR of 5.1% in the 10 year period, agriculture’s contribution to Lesotho’s overall GDP has only marginally increased from 5% to 5.8% over the same period.

Agriculture, Forestry and Fishing GDP Breakdown, 2007 – 2016

M mil



CAGR = 5.1% >>>

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total (M bil)	0.91	1.08	1.14	1.08	1.14	1.10	1.37	1.42	1.32	1.41
% to GDP Contribution	5.0	5.2	5.7	5.1	5.2	5.0	5.9	5.6	5.0	5.8

● Livestock ● Crops ● Forestry ● Husbandry ● Fisheries

Source : National Accounts of Lesotho 2007-2016

Despite its relatively small contribution to national GDP, the Agriculture sector employs 48% of total employed persons in Lesotho, with the majority being subsistence farmers. Around 87% of people employed in the Agriculture sector earn below M1,000 per month – making them the lowest wage-earners across all sectors.

The Agriculture sector employs 48% of total employed persons in Lesotho, with the majority being subsistence farmers.

Employment by Sector, 2008

%



Employment by Status, 2008

Number of Persons Employed, '000

Percentage of Total



Source : 2008 Lesotho Integrated Labour Force Survey (ILFS) Statistical Tables

Lesotho has one of the smallest agricultural lands among the SACU (Southern African Customs Union) and SADC (Southern African Development Community) countries.

Due to its mountainous topography and elevation, Lesotho has limited arable land to enhance its agricultural activities. In 2016, it was recorded that Lesotho had a total of 3 million ha of land area, of which 2.3 million was for agriculture. However, only 14.9% (352,000 ha) of that, was arable land.

Crop Production, 2016 '000 tonnes		Crops Value USD mil	Avg. Yield '000 hg/ha	Agriculture Area '000 ha	Fertiliser Use kg/ha	
	D.R. Congo	49,521	NA	3,313	26,200	2.2
	South Africa	38,519	9,196	8,822	96,481	56.6
	Tanzania	38,066	8,169	3,068	39,650	10.9
	Angola	22,200	2,860	1,620	59,190	7.5
	Malawi	21,184	4,523	3,967	5,790	20.8
	Mozambique	17,247	4,230	2,438	49,950	3.5
	Madagascar	13,503	NA	2,674	41,415	4.4
	Zambia	10,042	1,064	2,044	23,836	88.8
	Eswatini	5,979	NA	2,271	1,222	NA
	Zimbabwe	5,851	1,051	3,693	16,200	22.3
	Mauritius	3,913	1,608	4,260	86	223.4
	Namibia	660	116	1,877	38,809	25.8
	Comoros	293	NA	755	133	NA
	Botswana	235	23	2,540	25,862	88.9
	Lesotho	194	NA	337	2,357	NA
	Seychelles	9	8	1,491	2	50.5

Note : Countries compared based on data availability of SACU/SADC member states in FAOSTAT. Highlighted in light green are Landlocked Developing Countries (LLDCs) that are similar to Lesotho's agricultural profile.

Source : FAO Statistics

Lesotho has one of the lowest agricultural outputs in the region as it is hampered by natural disasters and climate change, geographical barriers, lack of access to financing and limited government land for investment. It is only doing marginally better than Seychelles, which has the lowest output in the region. In 2016, Lesotho produced 194,000 tonnes of crops, with an average yield of 337,000 hg/ha.

Due to the lack of arable land resulting in low agricultural output, Lesotho has historically been a net food and agricultural products importer. From 2012 to 2016, imports of food and agricultural products increased at a CAGR of 14.7%, from USD220 million to USD380 million.

Although the growth of exports has outpaced imports over the same period, imports were 10 times larger than exports, in terms of absolute value. As a result of the continuous trend, the food and agricultural products trade balance has also increased, recording a CAGR of 12.2% from 2012 to 2016. Lesotho's negative food trade balance as of 2016 was recorded at USD342 million.

Lesotho Food and Agriculture Trade Balance

USD mil

CAGR 2012 – 2016 %

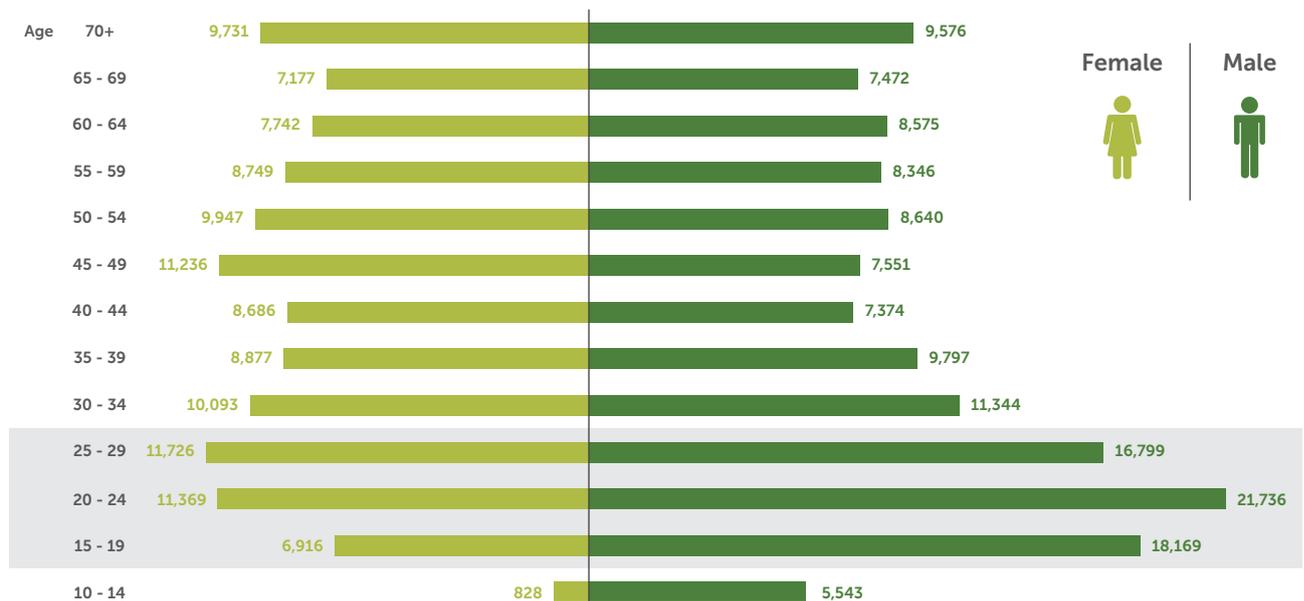


Source : FAO Statistics

The lack of food security – despite agriculture’s role as an economic contributor and major employer of Basotho – drives home the need to expand current agricultural activities, attract investments in high-valued crops, and improve Lesotho’s food value chain.

Gender Distribution of Subsistence Farmers by Age Group, 2008

Total



Source : 2008 Lesotho Integrated Labour Force Survey (ILFS) Statistical Tables

The youth population is heavily involved in subsistence farming, and they begin working as early as 10 years old. In 2008, children (both male and female) of ages between 10 to 14 years old, account for 2.5% of total subsistence farmers in Lesotho. 40% of male farmers are aged between 15 to 29 years old, whereas 27% of female farmers are aged between 15 to 29 years old, indicating that youth participation in farming is high in Lesotho.

Case for Change

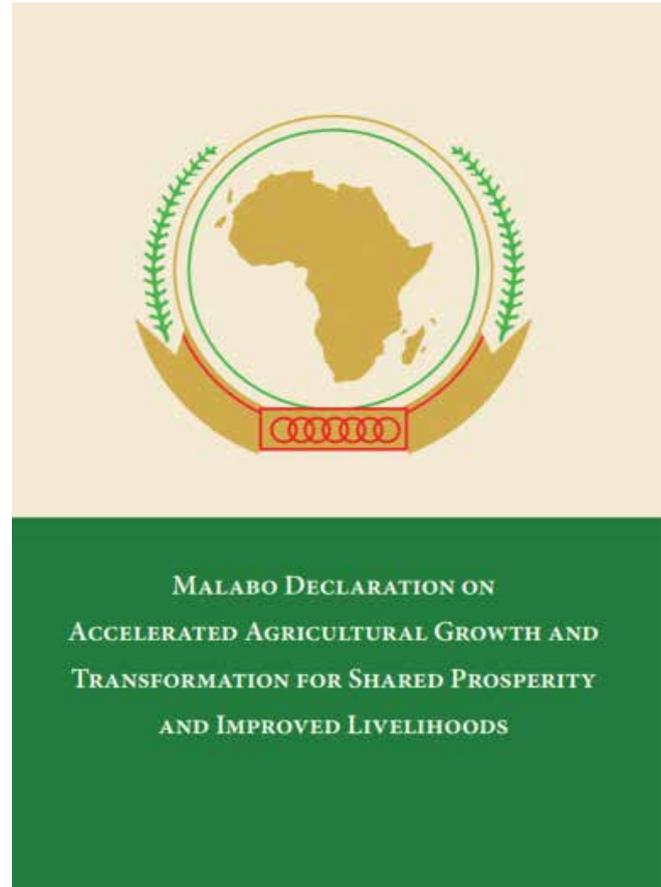
Opportunities

The Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods 2014 reaffirms the Maputo Declaration 2003, which established the Comprehensive Africa Agriculture Development Programme (CAADP) to deliver the continent's agricultural transformation agenda.

NEPAD (New Partnership for Africa's Development) is the implementing agency of the African Union that facilitates, coordinates and tracks the development of continent-wide programmes and projects, which includes the CAADP Compact.

NEPAD recommends that Lesotho should aspire to increase public agricultural expenditure as a share of its total public expenditure. It also recommends to reduce the decline in irrigated land to increase productivity, and integrate the youth and women more in the agricultural value chains.

Additionally, NEPAD also recommends Lesotho to strengthen its agricultural data collection and management systems such as monitoring and evaluation, to ensure that missing indicators are reported in the next round of the Biennial Review.



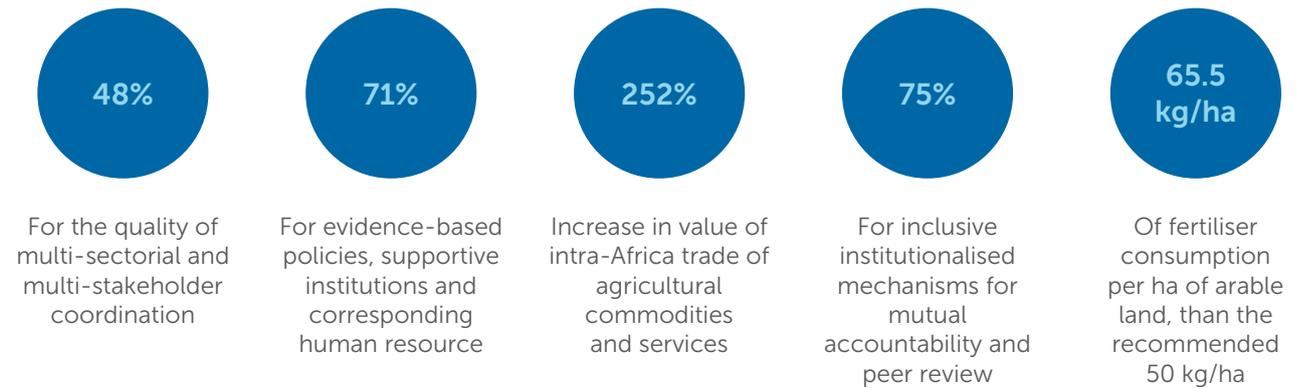
Malabo Declaration 2014

Malabo Declaration 2014 – which reaffirms the Maputo Declaration 2003

1. Recommitment to the principles and values of the Comprehensive Africa Agriculture Development Programme (CAADP) process
2. Recommitment to enhance investment finance in agriculture
3. Commitment to ending hunger by 2025
4. Commitment to halving poverty by 2025, through inclusive agricultural growth and transformation
5. Commitment to boosting intra-African trade in agricultural commodities and services
6. Commitment to enhancing resilience in livelihoods and production systems to climate variability and other shocks
7. Commitment to mutual accountability to actions and results

Source : New Partnership for Africa's Development (NEPAD)

Five Key Areas of Strong Performance by Lesotho



Source : New Partnership for Africa’s Development (NEPAD)

In order for Lesotho to catalyse the Agriculture sector, the country must attract and unlock local and foreign private sector investments.

Lesotho can establish itself as an attractive trade destination especially with its top trade partners by maximising existing preferential trade agreements, such as the African Growth and Opportunity Act (AGOA) and Everything But Arms (EBA) initiative, which Lesotho has benefited from.

Top 10 Countries with Bilateral Trade with Lesotho, 2017



Source : International Trade Centre

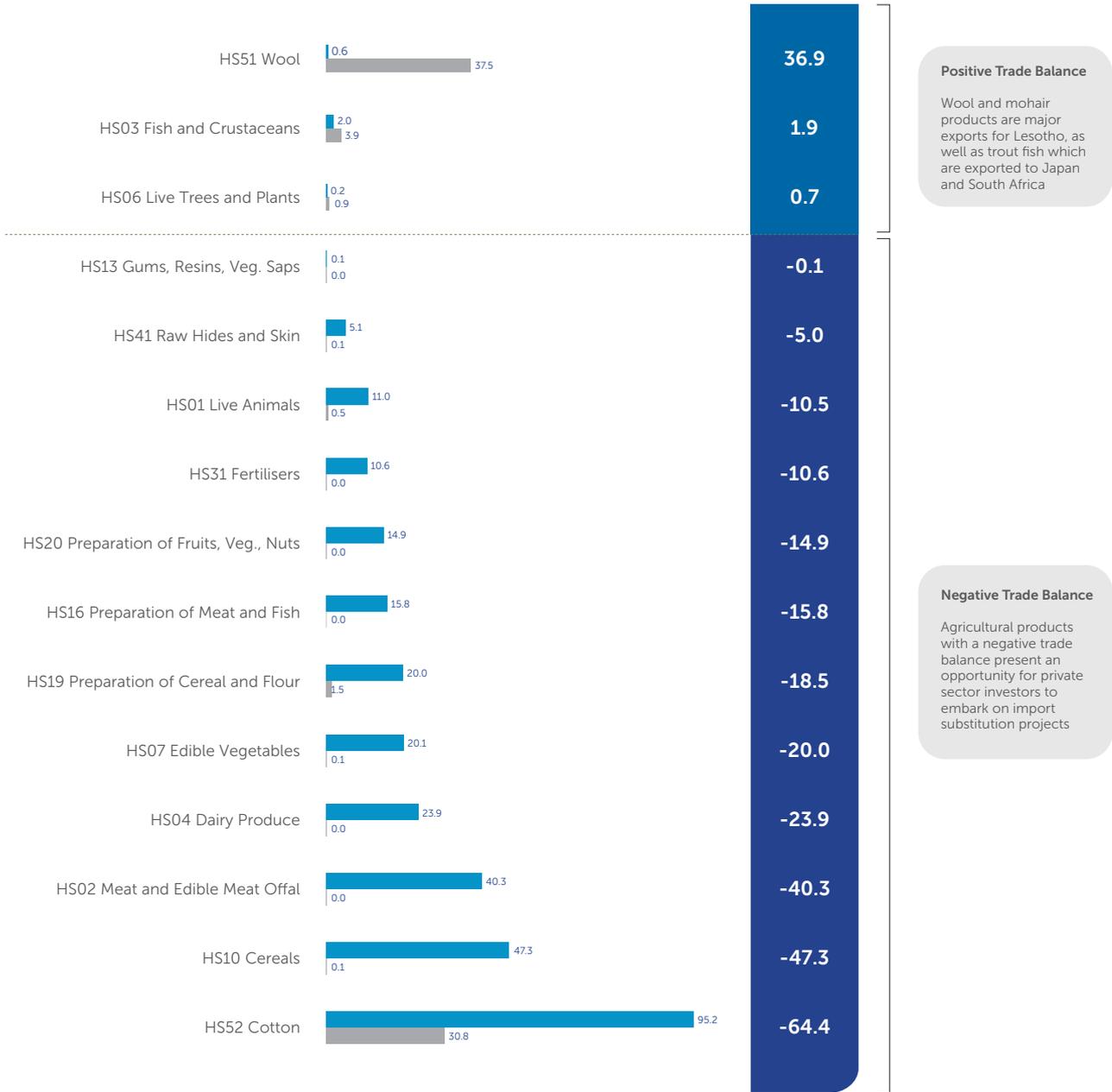
Meanwhile, agricultural import substitution programmes are crucial to reduce the trade balance and empower local producers. Out of 15 agricultural products, 12 products maintained a trade deficit in 2017.

Lesotho Import and Export of Agricultural Products, 2017

M mil

Trade Balance

M mil



- Import
- Export

Source : International Trade Centre

In line with the National Strategic Development Plan (NSDP) II 2018/19 - 2022/23, which aims to achieve a private sector-led, producer-based economy, seven investment areas have been identified by the government to boost the Agriculture sector:

No.	Investment Opportunity	Description
1	Bio-Trade	Commercialisation of derivatives from Lesotho's expansive biodiversity
2	Poultry Production	Increase capacity of poultry production driven by local demand and competitive advantages
3	Horticulture	Increase production of crops and fruits harnessing Lesotho's high altitude conditions
4	Aquaculture	Enhance expansion of aquaculture projects, such as trout breeding for the export market
5	Red Meat Production	Increase production of organic red meat with availability of vast rangelands
6	Medicinal Plants	Attract additional investments in medical Cannabis as a high-valued crop
7	Wool and Mohair	Increase production and improve value chain of wool, mohair, hides, and related products

Source: National Strategic Development Plan (NSDP) II 2018/19 – 2022/23

Challenges

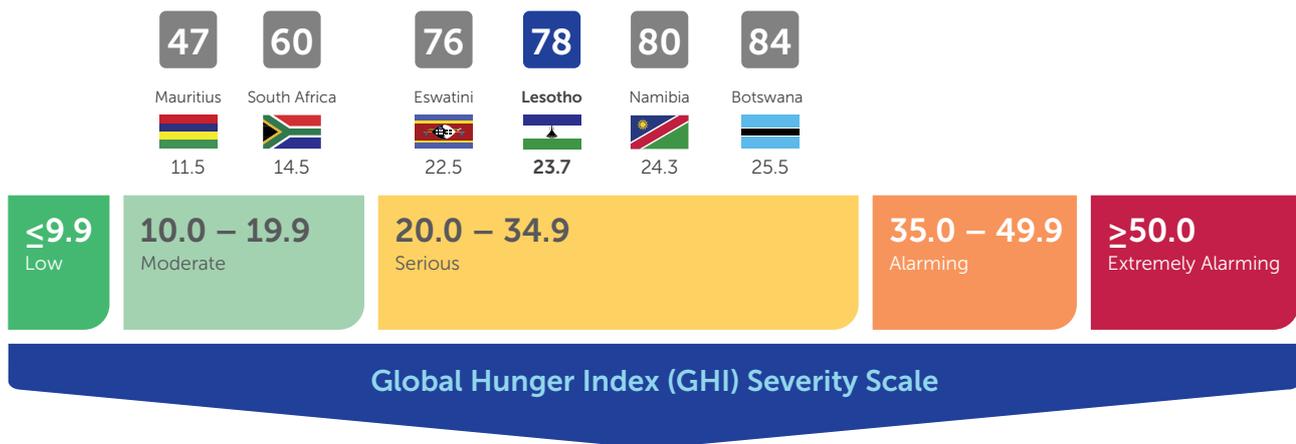
The Agriculture sector is mostly dominated by subsistence farming, with few farmers producing at a commercial scale. Lack of access to financing and limited government land for investment have impeded commercial farming.

Meanwhile, soil erosion and land degradation have ultimately reduced the country's capability to produce adequate food for its population. Agricultural activities on steep slopes, overgrazing of rangelands and increased frequency of natural disasters have impacted agricultural land and overall production.

Food insecurity affects approximately 70% of the population who reside in rural areas. Lesotho is currently a net food importer with a food and agricultural trade deficit of USD342 million as of 2016.

The 2018 Global Hunger Report had ranked Lesotho 78 out of 119 countries, and according to the Food and Agriculture Organization of the United Nations (FAO), from 2015 to 2017, half of the people in Lesotho were severely food insecure.

Currently, Lesotho ranks **78th** out of 119 countries in the **2018 Global Hunger Report**.



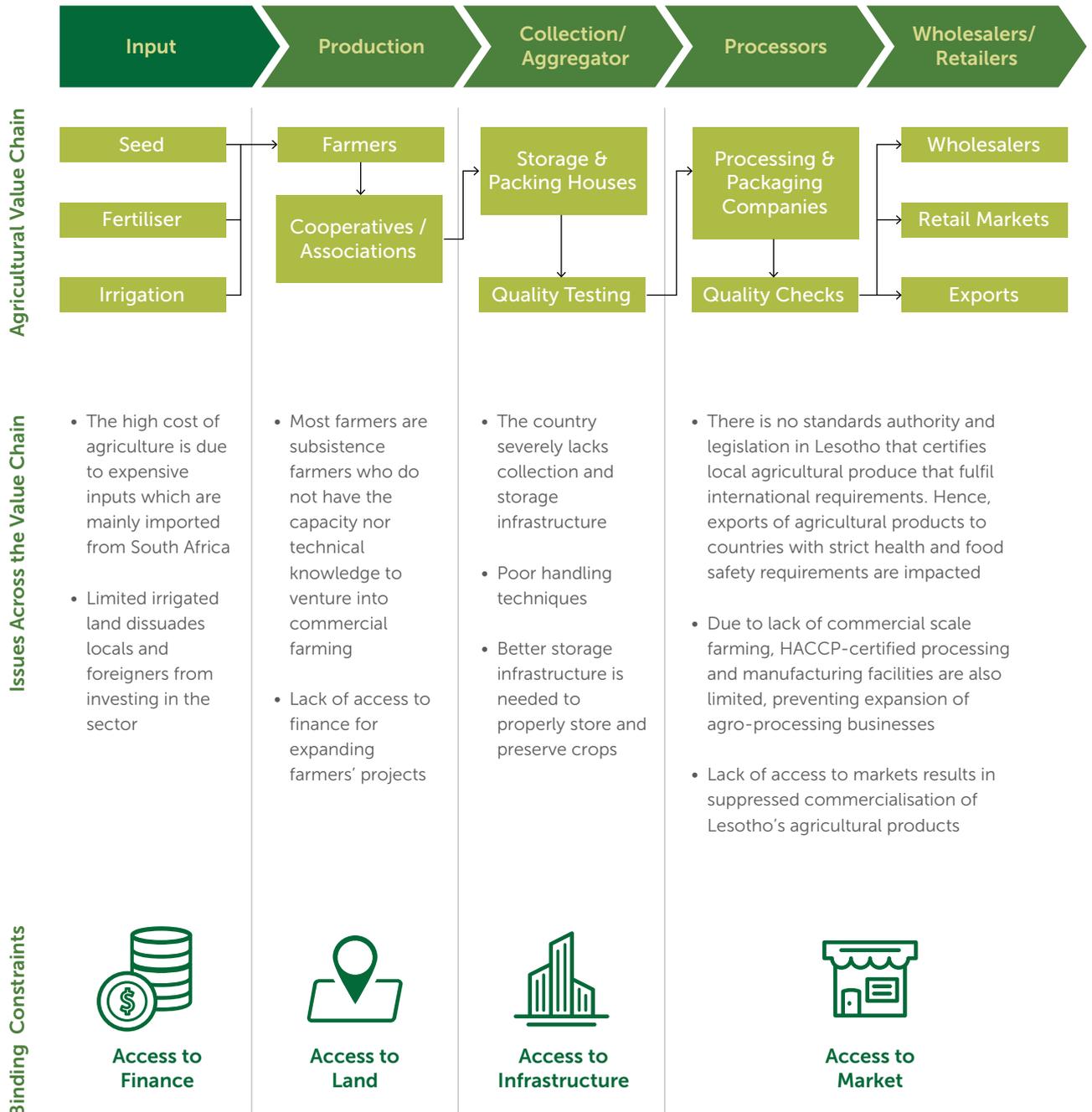
Note : The Global Hunger Index (GHI) scores are calculated to assess progress and setbacks in combating hunger through four indicators: undernourishment, child wasting, child stunting and child mortality

Source : Lesotho Zero Hunger Strategic Review 2018; FAO Statistics; World Food Programme Lesotho Country Brief, December 2018

With a GHI of 23.7, Lesotho is in a serious food security situation due to the rising number of undernourished people in the country.

In 2016/2017, the number of food insecure population in the rural areas was 679,437, which is approximately 51.4% of the rural population.

Key to improving the country’s food security is by improving Lesotho’s fragmented value chain, which has been a fundamental issue that has impacted the commercialisation of agricultural production.

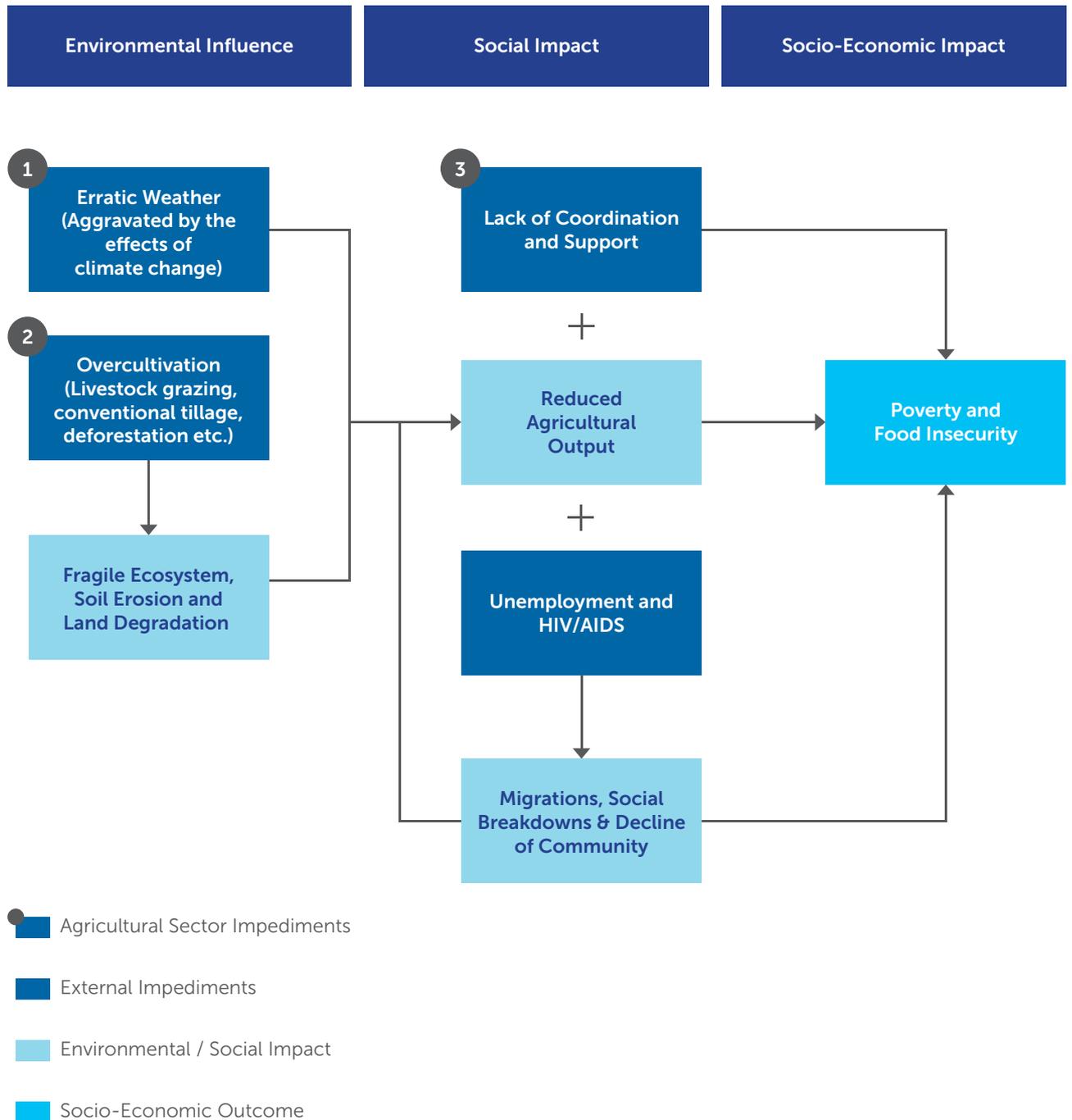


Broadly, there are four factors impeding the development of Lesotho’s Agriculture sector, which have resulted in severe implications across the sector, particularly towards basic welfare, environment and commercial business.

Fundamental Challenges in the Agriculture Sector

Challenges	Summary
Natural Disasters and Erratic Weather	<ul style="list-style-type: none"> • Unpredictable rainfall (2010 storms) with flooding and waterlogging and drought (2016 El Nino) • Impacted thousands of hectares of farmland • Widespread crop damage • Death of livestock due to waterborne diseases
Overcultivation of Available Agricultural Land	<ul style="list-style-type: none"> • Almost half (41%) of the kingdom’s workers are subsistence farmers • Agricultural land makes up 77.6% of available land area but arable land only occupies 14.9% - resulting in low agricultural output • Overgrazing of agricultural lands • Uncontrolled burning • Soil erosion • Deforestation • Cultivation of marginal lands due to food insecurity
Lack of Coordination and Financial Support	<ul style="list-style-type: none"> • Fragmented agricultural value chain • Seed to sale is unoptimised and unestablished • Subsistence farmers make up 41% of the kingdom’s workforce; these farmers do not have capacity and technical knowledge to venture into commercial farming • Projects cannot be expanded due to lack of access to finance caused by strict and unfavourable lending requirements
Infrastructure	<ul style="list-style-type: none"> • Lesotho severely lacks collection and storage facilities, resulting in losses post harvest • Poor handling techniques • No standards authority or legislation in Lesotho that certifies local agricultural production • Cannot fulfil international requirements, such as Sanitary and Phytosanitary Standards thus leading to lack of opportunities to export to larger market of countries with strict health and food safety requirements • Lack of commercial scale farming and agro-processing businesses • High costs - expensive seeds and feed • Limited irrigated land

Failure to address these factors will further affect Lesotho’s agricultural production and exacerbate the food insecurity issue. There are three impact areas arising from the issue: environmental influence, social impact, and socio-economic impact.

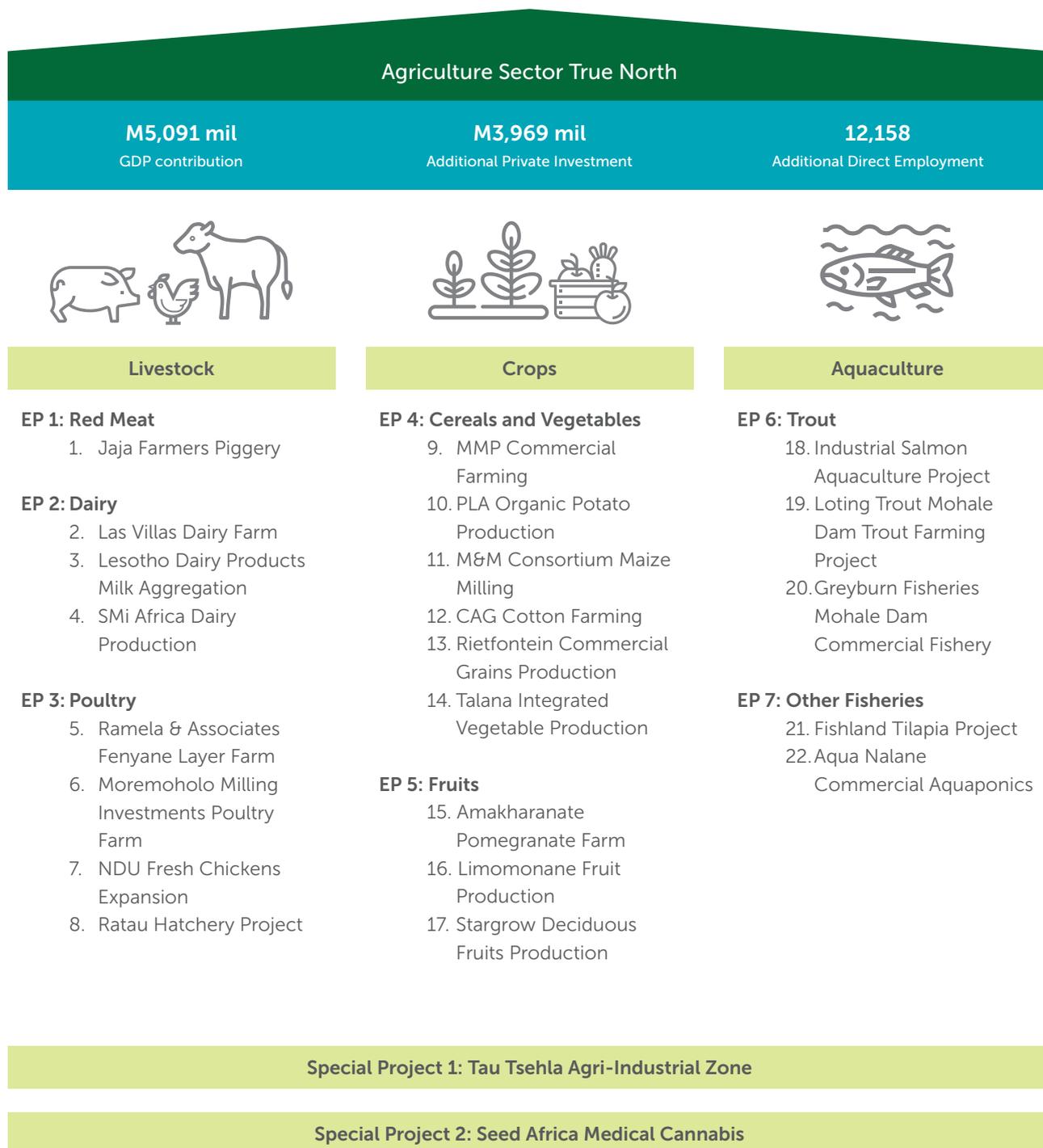


Source : Conservation Agriculture and Sustainable Crop Intensification in Lesotho, FAO, 2010

Establishing the Sector's True North

The aim of the Agriculture sector is to unlock M3,969 million in private investments, create 12,158 employment opportunities, and contribute M5,091 million to the national GDP by 2022/23.

This will be driven by 22 projects through 7 Entry Points (EP) across 3 Sub-Sectors and 2 Special Projects.



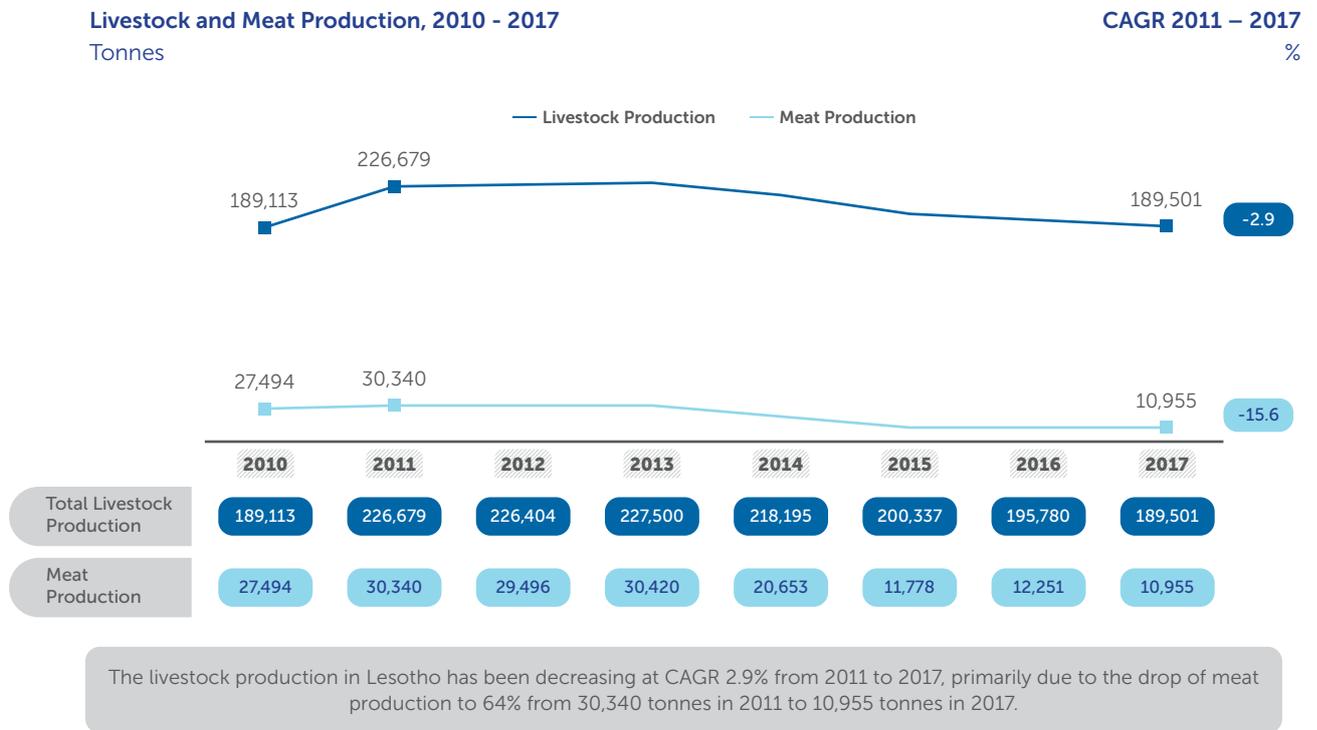
Entry Point Projects

A. Livestock Sub-Sector

Entry Point 1: Red Meat Diversification

Overview

Overall meat production in Lesotho has been decreasing since 2013. Pork production has decreased from 3,700 tonnes in 2013 to 666 tonnes in 2017, resulting in increased importation of pork to cater for increasing local demand. Similarly, beef production has also decreased from 13,500 tonnes in 2013 to 2,029 tonnes in 2017.



Note : Production of goat skins, sheep skins, cattle hides and wool from 2014 to 2017 was tabulated based on the FAO average from 2010 to 2017
Source: FAO Statistics

Lesotho’s main source of meat has remained to be goats and sheep, which accounted for 65% of total slaughtered animals in 2013 / 2014. Thus, the project under this Entry Point serves to increase local production of pork, in order to reduce dependence on importation of this meat and improve diversification within the livestock sector.

Project 1: Jaja Farmers Piggery

Jaja Farmers Piggery aims to establish a farm that will improve the breed of pigs reared and the quality of pork produced at a competitive price. The project will initially start with 10 pigs and then organically grow to 24 pigs in five years for the breeding stock.

The piglets will be sold to the market at affordable prices. This will increase the local pork production, hence reducing Lesotho’s dependency on imported pork.

This project is one of the beneficiaries of the Smallholder Agriculture Development Project (SADP), a World Bank initiative aimed towards improving private sector competitiveness.

Implementation for this project is expected to be completed by January 2020.

Project Owner	<ul style="list-style-type: none"> • Jaja Farmers (Pty) Ltd
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Smallholder Agriculture Development Project

Entry Point 2: Expanding Dairy Production

Overview

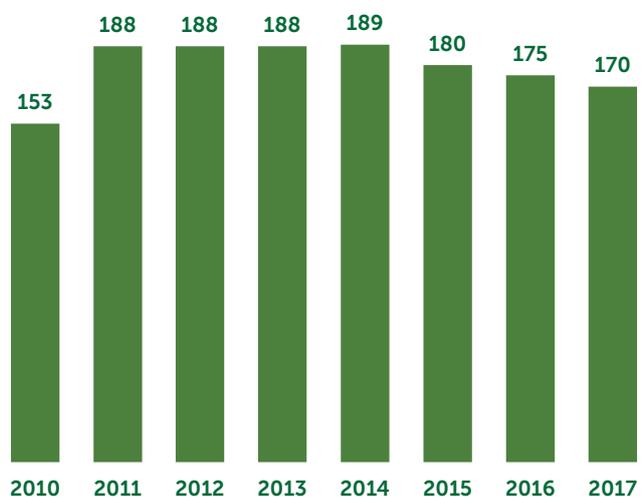
In 2017, according to the Lesotho National Dairy Board (LNDB), the annual demand for milk in Lesotho was 220 million litres. The milk produced in the country was 170 million litres in 2017, resulting in the high import of milk to cater to local demand. However, only 4.2 million litres were collected in the local formal market through Milk Collection Centres (MCC) and Lesotho Dairy Plant.

Dairy production in Lesotho also decreased over the years at a CAGR of -1.7%, resulting in a significant shortage of raw milk to be processed and packaged for the market. Meanwhile, dairy production has reduced by 10% since 2011 due to poor coordination and collection of raw milk in the country.

With proper coordination and support, there is big potential for growth in the dairy sector by boosting local milk production, improving milk collection facilities, and reducing dependency on imported milk to meet its national requirement. The three projects selected under this Entry Point emphasise increased milk production to fulfil local demand.

Milk Production, 2010 - 2017

'000 Tonnes



CAGR = -1.7% >>

Source : "Milk imports down 200 percent", Sunday Express, 2 February 2019; "Lack of coordination affects milk production", Lesotho Times, 16 March 2018; LNDB 2017 National Report

Project 2: Las Villas Dairy Farm

By the end of 2020, Las Villas Dairy Farm aims to establish a dairy farm and a milk processing facility that produces a variety of fresh products, supplying them to supermarkets, mini markets, convenience stores, and hospital service providers. The farm is expected to produce 2,000 litres of milk daily.

Implementation for this project is expected to be completed by December 2020.

Project Owner	<ul style="list-style-type: none"> • Las Villas Dairy Farm in Mafeteng
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Lesotho National Dairy Board • Dairy farmers

Project 3: Lesotho Dairy Products Milk Aggregation

Lesotho Dairy Products (LDP) aims to improve the collection of raw milk in the country by refurbishing and upgrading the current milk collection centres in Botha-Bothe, Leribe, Teyateyaneng, Mazonod and Matsieng.

All 2,500 litres milk tanks will be upgraded to 5,000 litres milk tanks to increase the current storage capacity. LDP will also purchase a 10-tonne trucker to increase and improve collection capacity.

Implementation for this project is expected to be completed by June 2020.

Project Owner	<ul style="list-style-type: none"> • Lesotho Dairy Products
Stakeholders	<ul style="list-style-type: none"> • Lesotho National Dairy Board • Ministry of Agriculture and Food Security

Project 4: SMi Africa Dairy Production

SMi Africa Dairy Production aims to commercialise dairy production through community-based cooperatives by building farmer capacity, increasing production of animal feeds, constructing milking parlours, and procuring advanced milking equipment and dairy processing plants.

The company will construct a dairy farm and dairy processing plant to manufacture cheese, yoghurt, powdered milk, mafi (sour milk) and fresh milk. It will also produce animal feed by cultivating 1,500 ha of land with maize, silage and lovegrass (*Eragrostis sp.*).

Implementation for this project is expected to be completed by June 2021.

Project Owner	<ul style="list-style-type: none"> • SMi Africa
Stakeholders	<ul style="list-style-type: none"> • Lesotho National Dairy Board • Ministry of Agriculture and Food Security

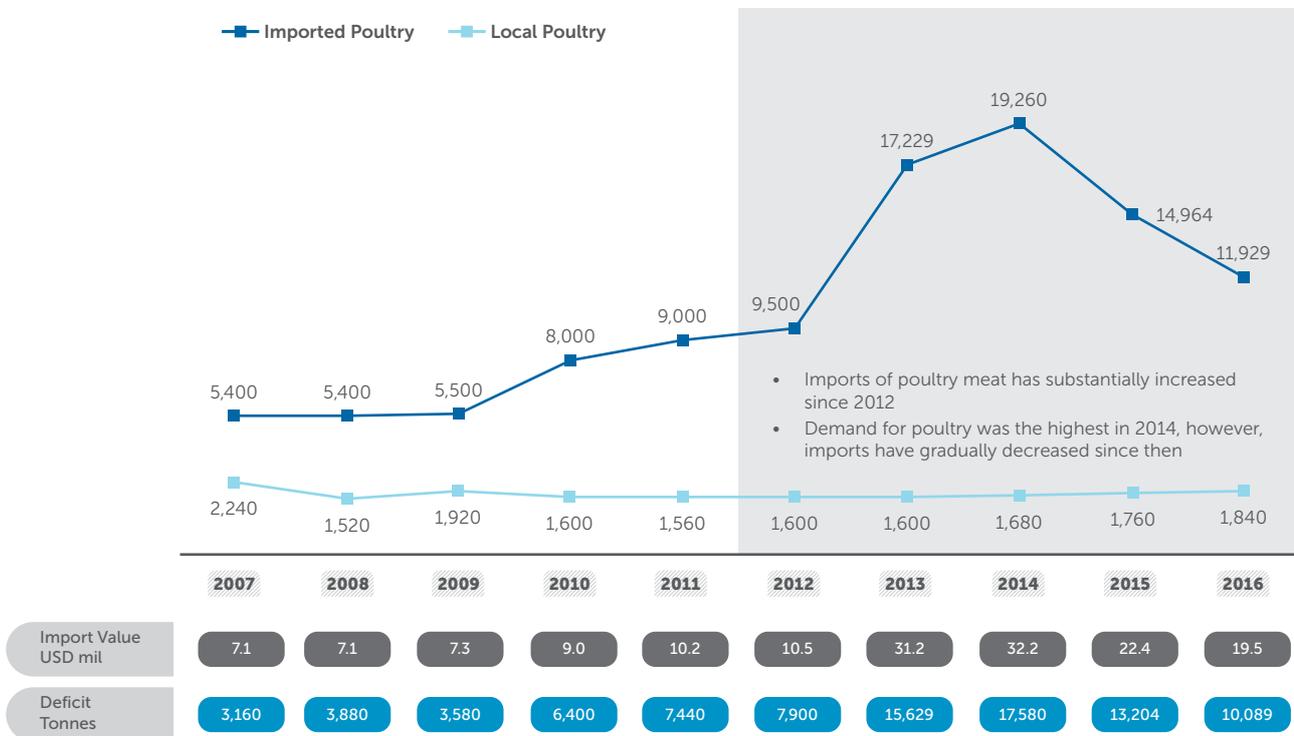
Entry Point 3: Boosting Poultry Production

Overview

Lesotho’s poultry production has grown from 1,600 tonnes in 2013 to 1,920 tonnes in 2017, recording a positive CAGR of 4.7%. However, despite the improvements, Lesotho is still heavily dependent on imports of poultry meat, spending USD19.5 million in 2016 alone to fulfil local demand. Lesotho recorded a poultry production deficit of 10,089 tonnes during the same year.

Imported Poultry Meat vs Locally Produced Poultry Meat, 2007 - 2016

Tonnes



Source : FAO Statistics

The two key issues preventing Lesotho from increasing production are:

- Lack of domestic hatchery services. Most local poultry farmers have to import fertilised eggs and chicks from South Africa, which adds to the cost of the end product. Additionally, the imported fertilised eggs from South Africa are negatively affected by long distance travel. This compromises hatchability of eggs and produces deformed chicks that require more resources to fully grow.
- High costs of imported chicken feed (primarily from South Africa), which has priced out domestically produced chickens in the local market.

Projects under this Entry Point aim to address these two main points by creating local and cheaper solutions for Basotho farmers.

Project 5: Ramela & Associates Fenyane Layer Farm

Ramela & Associates aims to establish a layer farm in Leribe. Three chicken layer houses for 15,000 layers that will produce 375,000 eggs a month, equivalent to 12,500 trays.

The company will also install three poultry feed silos to store bulk poultry feed to ensure sustainable supply of inputs for production.

Implementation for this project is expected to be completed by July 2019.

Project Owner	<ul style="list-style-type: none"> • Ramela & Associates
Stakeholder	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security

Project 6: Moremoholo Milling Investments Poultry Farm

Moremoholo Milling Investments aims to construct a commercial parental stock farm, hatchery facility, broiler houses, and a poultry abattoir in Leribe.

The parent stock farm and hatchery will produce at least 2.8 million chicks a month to be supplied to farmers, while 100 broiler houses will function to accommodate 50,000 chicks each. The poultry abattoir will have the capacity to slaughter more than 60,000 broilers per day.

Implementation for this project is expected to be completed by September 2020.

Project Owner	<ul style="list-style-type: none"> • Moremoholo Milling Investments
Stakeholder	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security

Project 7: NDU Fresh Chickens Expansion

NDU Fresh Chickens aims to expand its current poultry business by establishing a breeding and parental stock farm, as well as a hatchery. The parent stock farm and hatchery will function to ensure sustainable supply of chicks to NDU broiler farms as well as the poultry processing plant.

NDU also plans to expand the broiler houses in Berea from 44,000 birds to 350,000 birds per month and the poultry processing plant from 6,000 to 70,000 a day.

Implementation for this project is expected to be completed by May 2021.

Project Owner	<ul style="list-style-type: none"> • NDU Fresh Chickens
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Local Poultry Producers

Project 8: Ratau Hatchery Project

This project aims to establish a fully integrated poultry farm from parental stock farming to poultry processing, with the community project also aiming to provide affordable, high-quality chicks for local farms to rear.

Spearheaded by the Ratau A02 Community Development Trust Company, this project will encompass:

- Establishing a parental stock farm and hatchery with four incubators for 10,000 eggs each
- Constructing a broiler house to accommodate 6,000 broilers a month
- Establishing a poultry processing plant equipped with a slaughtering facility

Implementation for this project is expected to be completed by December 2020.

Project Owner	<ul style="list-style-type: none">• Ratau A02 Community Development Trust Company
Stakeholders	<ul style="list-style-type: none">• Ratau Trust• Metolong Authority• Ministry of Agriculture and Food Security• Standard Lesotho Bank

B. Crops Sub-Sector

Entry Point 4: Diversifying Cereal and Vegetable Crop Production

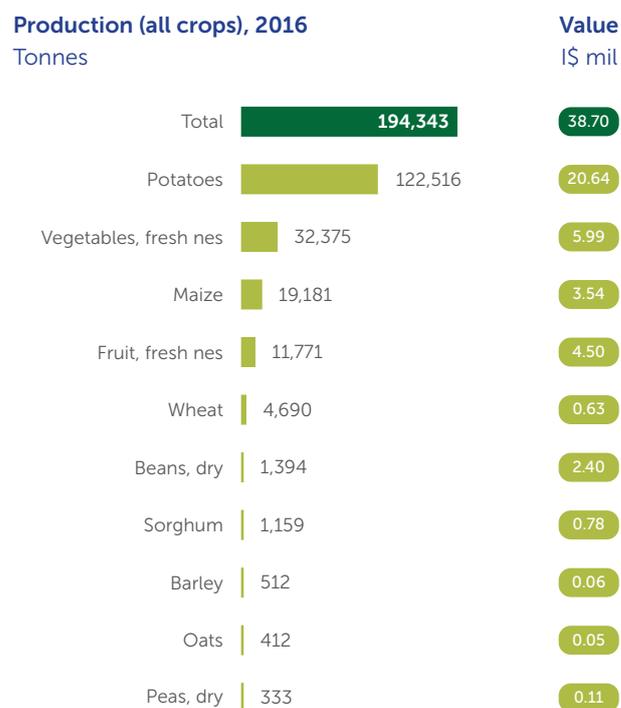
Overview

In 2016, the total crop production in Lesotho totalled 194,343 tonnes, with potatoes, vegetables, and maize as the top three produced crops. From a value perspective, potatoes have been providing the best returns in terms of value per ha harvested.

However, despite the value advantage, maize, sorghum and wheat occupy approximately 80% of total agricultural land, leaving little for high-valued crops. Greater emphasis should be placed to purposefully cultivate other high-valued crops to maximise diversification efforts and returns.

Note : An international dollar (I\$) would buy in the cited country a comparable amount of goods and services a U.S. dollar would buy in the US

Source: FAO Statistics; Value = Gross Production Value (constant 2004-2006 mil I\$)



Project 9: MMP Commercial Farming

MMP Commercial Farming aims to produce wheat, sorghum, maize, beans, peas, potatoes, cabbage, spinach, radish, pumpkin, soya, carrots, beetroot, and other crops through community farming via the establishment of satellite farms.

The project also aims to utilise both outdoor and greenhouse crop production, as well as establishing a seedling nursery propagation unit to produce seedlings.

Implementation for this project is expected to be completed by December 2023.

Project Owner	<ul style="list-style-type: none"> • MMP Farming
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • NutriPower Organization • Food and Nutrition Coordinating Office • Prime Minister's Office (Poverty Reduction and Nutrition Office)

MMP Farming: Addressing Malnutrition among Vulnerable Communities

The 2016 El Niño drought caused starvation and malnutrition across the rural communities of Lesotho and drove home the importance of food security. In the aftermath of the event, MMP Holdings Pty Ltd formed a community crop production project under its subsidiary MMP Farming to address food scarcity in the Mafeteng district.

The project was established via collaboration between the youth of Mafeteng and NutriPower Organization, which screens and assists malnourished children in Lesotho. Its long-term goal is to ensure that every community has access to affordable and nutritious fresh food.

Prior to participating in the Agriculture Lab, MMP Farming had issues in accessing unutilised government-owned arable land in the Ts'alitlama area in Mafeteng. The area's proximity to water sources for irrigation makes it ideal for the production of vegetable crops.

At the Lab, MMP Farming met with the Land Commissioner as well as the Principal Secretary of the Ministry of Agriculture and Food Security (MAFS). It was revealed that the land in question is currently included in the development plans of the Lesotho National Development Corporation.

The Land Commissioner proposed an alternative site in Duma, in close proximity to the Duma Dam, and offered to facilitate discussions between MMP Farming and the local council. MMP Farming is now considering both options.

The Lab's process of problem-solving and prioritisation changed MMP Farming's focus from using lands in rural areas to accessing arable land in urban areas that are more strategic for commercial farming.

The Lab also helped facilitate the completion of MMP Farming's business registration process, which had been delayed previously, as well as arranging meetings between potential lenders to provide financial assistance for the project.

MMP Farming also shared with Lab stakeholders the need for strengthening of laws to penalise uncontrolled livestock and land grazing, which has destroyed crops and affected the sustainability of vegetable crop production.

By 2030, MMP Farming aims to reach at least 90% of vulnerable communities in Lesotho. The successful scaling of this project is expected to create more jobs for Basotho in vulnerable communities.

Project 10: PLA Organic Potato Production

Potato Lesotho Association (PLA) aims to cultivate organic potatoes in 60 ha of land across the country, leveraging Lesotho's unique climate, high altitude, low levels of pollution as well as quality of soil, to produce some of the best organic potatoes in the world.

The association intends to procure harvesters, tractors, pesticide sprayers, and cold storage facilities to ensure farmers have access to equipment to increase production and establish central points in three districts.

Implementation for this project is expected to be completed by September 2021.

Project Owner	<ul style="list-style-type: none"> • Potato Lesotho Association
Stakeholders	<ul style="list-style-type: none"> • PLA Member Farmers • Ministry of Trade and Industry • Ministry of Local Government and Chieftainship • Ministry of Agriculture and Food Security

Project 11: M&M Consortium Maize Milling

M&M Consortium aims to establish a commercial milling production plant in Leribe, that will grade, supply, and package super maize meal and flour products for domestic and foreign trade. The project also aims to establish a 40-tonne per ha animal feeds project for nearby livestock farmers and feedlots.

Implementation for this project is expected to be completed by March 2021.

Project Owner	<ul style="list-style-type: none"> • M&M Consortium
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Ministry of Development Planning • Ministry of Small Business Development, Cooperatives and Marketing • Lesotho National Development Corporation

Project 12: CAG Cotton Farming

CAG aims to cultivate 500 ha of land for cotton production across six districts in Lesotho, in a replication and upscaling of the same pilot project undertaken by CAG with the Ministry of Agriculture. An initial 500 ha will be cultivated, with a view to expand to another 500 ha. Each ha of farm cultivated will employ one full-time farmer and two cotton pickers during harvesting.

Implementation for this project is expected to be completed by December 2023.

Project Owner	<ul style="list-style-type: none"> • CAG
Stakeholders	<ul style="list-style-type: none"> • Community Trust (Land Owners and Basotho Farmers) • Ministry of Development Planning • Ministry of Agriculture and Food Security

Project 13: Rietfontein Commercial Grains Production

Rietfontein aims to increase commercial production of grains such as maize, sunflower, sorghum, wheat, beans and peas.

The districts and crops identified under Phase 1 include:

- Botha-Bothe - Sugar Beans (1,000 ha)
- Leribe - Yellow Maize (1,000 ha)
- Berea - Sorghum (1,000 ha)
- Maseru - Wheat (1,000 ha)

Phase 1 will serve as a pilot project prior to expanding to other districts.

Implementation for this project is expected to be completed by January 2020.

Project Owner	<ul style="list-style-type: none"> • Rietfontein Agri Partners (RAP)
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Lesotho National Development Corporation

Project 14: Talana Integrated Vegetable Production

Talana aims to pursue the commercial production, packaging, and marketing of vegetables, achieved through the adoption of high-tech production of vegetables via an anchor and out-grower farms. The project also aims to manage and operate a market centre.

Implementation for this project is expected to be completed by May 2021.

Project Owner	<ul style="list-style-type: none"> • Talana Agricultural Investment Group
Stakeholders	<ul style="list-style-type: none"> • Talana Agricultural Investment Group • Lesotho National Development Corporation • Ministry of Agriculture and Food Security

Entry Point 5: Boosting Fresh Fruit Production

Overview

Apples, peaches and grapes are the most abundant fresh fruits produced in Lesotho, with grapes the most valuable fruit being sold per kilo (M40/kg). However, fresh fruit production in Lesotho declined from 2008 to 2017, primarily due to decreasing yield and harvest area.

Limited arable land and a mountainous topography has restricted efforts towards enabling Lesotho to become a sustainable food producer. As a result, strategic measures must be undertaken to maximise available arable land to produce the most valuable crops.

Project 15: Amakharanate Pomegranate Farm

Amakharanate aims to cultivate lands in Morija and Tjaneng for commercial-scale pomegranate production. Nurseries and orchards will also be constructed in both sites to establish patented cultivars, which will be the value proposition of the company for commercialisation purposes. The project also aims to incorporate vegetables and fruits through intercropping practices.

Implementation for this project is expected to be completed by July 2020.

Project Owners	<ul style="list-style-type: none"> • Amakharanate • Lebohang Matete
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Ministry of Development Planning • Lesotho National Development Corporation • Morija Local Government

Project 16: Limomonane Fruit Production

Limomonane aims to produce fruits and vegetables (primarily peaches and plums) that will be used for production of organic jams. The project will see the establishment of a plum and peach orchard, in addition to the cultivation of 120 ha of land to produce peaches and plums. Wheat and potatoes will also be cultivated on the same 120 ha of land.

Implementation for this project is expected to be completed by April 2021.

Project Owner	<ul style="list-style-type: none"> • Limomonane
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Ministry of Development Planning

Project 17: Stargrow Deciduous Fruits Production

This project aims to scale-up commercialisation of deciduous fruits production in Lesotho, based on a success of an ongoing pilot project in Leribe. The production of apples has been particularly successful to date. It aims to expand the current project to a 120 ha (within the next three years) for fruit production, with a plan to further expand to 500 ha of fruit orchards in the future.

Implementation for this project is expected to be completed by February 2021.

Project Owner	<ul style="list-style-type: none">• Stargrow Group
Stakeholders	<ul style="list-style-type: none">• Stargrow Group• Ministry of Agriculture and Food Security• Ministry of Development Planning• Lesotho National Development Corporation

C. Aquaculture Sub-Sector

Entry Point 6: Boosting the Trout Industry

Overview

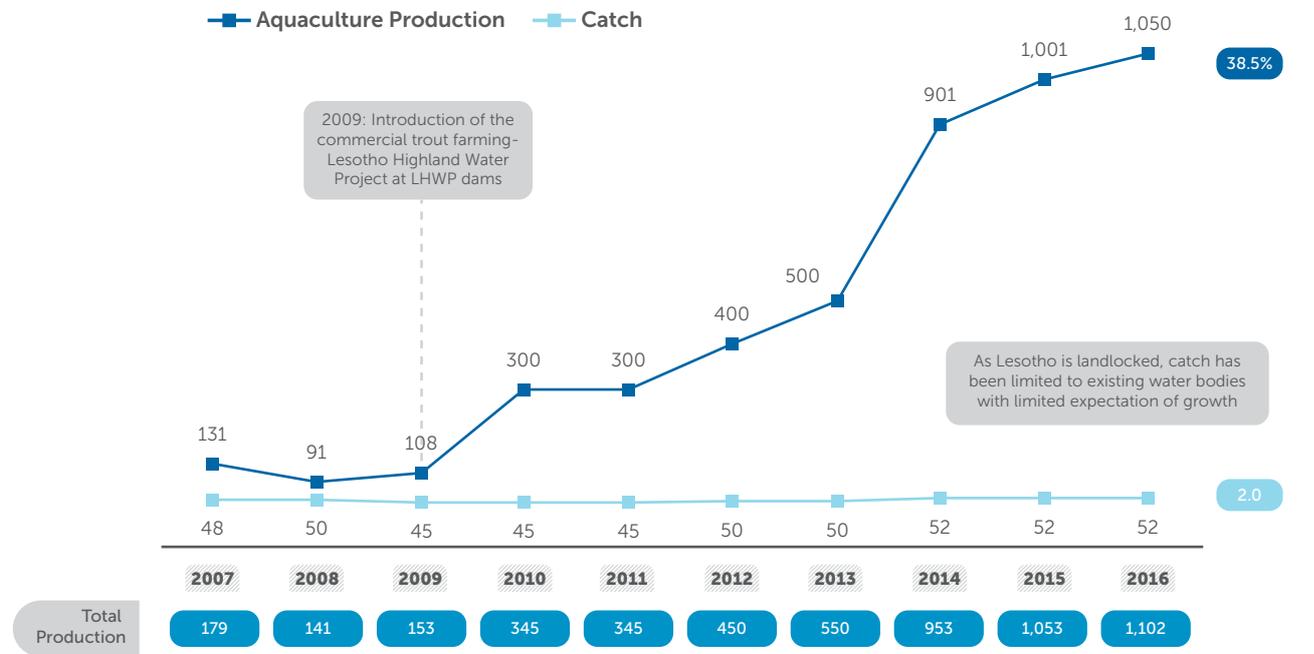
Aquaculture production in Lesotho has experienced tremendous development, growing at a CAGR of 38.5% from 2009 to 2016.

Total Aquaculture Production vs Catch, 2007 - 2016

Tonnes

CAGR 2009 – 2016

%



Significant increase in aquaculture production is attributed to the introduction of the commercial trout farming license by LHDA in 2009, to encourage aquaculture projects at the Katse Dam under the Lesotho Highland Water Project.

Source : FAO Statistics

Lesotho ranked 23rd in global trout exports in 2017.

Growth in aquaculture production has been heavily influenced by trout farming, with Lesotho ranked 23rd in global trout exports in 2017. Currently, Lesotho only exports to Japan and South Africa, exporting USD1.66 million in 2017, with room to capture a larger market share. With seven out of the top 15 global importers of trout experiencing double digit growth over the past 10 years, new markets await Lesotho.

Project 18: Industrial Salmon Aquaculture Project

This project aims to develop a large-scale indoor integrated Industrial Salmon Aquaculture Project which will initially produce 5,000 tonnes per annum, based on an advanced indoor Recirculating Aquaculture System (RAS) technology.

Implementation for this project is expected to be completed by October 2022.

Project Owner	<ul style="list-style-type: none"> • 8F Asset Management
Stakeholders	<ul style="list-style-type: none"> • Industrial Salmon Aquaculture Project • Ministry of Agriculture and Food Security • Lesotho National Development Corporation

Project 19: Loting Trout Mohale Dam Trout Farming

This project aims to develop a commercial trout farm, slaughterhouse, and fish processing facility at Mohale Dam across two phases:

- Phase 1 is the grow-out stage where fingerlings purchased from existing hatcheries will be stocked in cages submerged in the dam
- Phase 2 focuses on increasing production from 100 tonnes to 300 tonnes, and processing of fish

Implementation for this project is expected to be completed by October 2021.

Project Owner	<ul style="list-style-type: none"> • Loting Trout
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Lesotho Highlands Development Authority • Department of Environment • The Community of Mohale Ha Lebiletsa

Project 20: Greyburn Fisheries Mohale Dam Commercial Fishery

The project aims to produce 500 tonnes of trout and prawns annually at Mohale dam.

The project consists of three phases:

- Phase 1 is the establishment of indoor trout fingerling farm and installation of growing cages in the Mohale dam
- Phase 2 is the establishment and construction R&D facility
- Phase 3 is the operational phase of R&D facility to produce fish by-products

Implementation for this project is expected to be completed by October 2021.

Project Owner	<ul style="list-style-type: none"> • Greyburn Fisheries
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Lesotho Highlands Development Authority

Entry Point 7: Aquaculture Expansion

Overview

In recent years, fish production in Lesotho has experienced steady growth, stemming from new methods of fishing production. Local private sector players plan to diversify offerings based on the success of trout in Lesotho's dams, by embarking on producing different varieties of fish in artificial tanks (such as tilapia). Furthermore, in line with climate-smart agricultural practices, there is also a demand to provide green aquaculture products through utilisation of aquaponics systems.

Project 21: Fishland Tilapia Project

The project aims to develop the commercial production of tilapia on two ha of leased land at Quthing. The company will produce seven tonnes of bream on its three ha of farmland. However, through the expansion of 300 ha, production is expected to increase to 15 tonnes. Phase 1 of the project will take place in Quthing, followed by Phase 2, a processing facility which will be situated on the same piece of land.

Implementation for this project is expected to be completed by May 2020.

Project Owner	<ul style="list-style-type: none"> • Fishland Tilapia
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Quthing Local Government • Ministry of Water

Project 22: Aqua Nalane Commercial Aquaponics

The project aims to develop commercial production of vegetables and fish through the use of a solar-powered aquaponics system. The pilot phase is currently in various stages at four schools around Maseru.

Site 1 is in operation, Site 2 is currently under construction, and Sites 3 and 4 are currently in the pipeline. The next phase would be to scale up operations to include 90 Anglican school sites around the country, and subsequently propose its adoption in all schools nationwide.

Implementation for this project is expected to be completed by April 2023.

Project Owner	<ul style="list-style-type: none"> • Aqua Nalane Aquaponics
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Ministry of Energy and Meteorology • Lesotho Electricity Company • Lesotho Electricity and Water Authority

D. Special Projects

Overview

Two additional special projects have also been identified, based on their potential for high impact but may require special support due to the scale and nature of the projects.

There is an abundance of natural resources in Lesotho to provide the foundations required to facilitate large-scale projects that can propel the Agriculture sector forward.

With its strategic geographic location, favourable climate conditions, and extensive government support, Lesotho is well placed to be the preferred destination for local and international companies seeking to establish agricultural (particularly Cannabis), industrial and manufacturing operations in Southern Africa.

Special Project 1: Tau Tsehla Agri-Industrial Zone (Mafeteng SEZ)

Lesotho has a comparative advantage in the Agriculture sector due to its favourable climatic conditions, abundance of water, and progressive policies. The development of a strategic agriculture park will be able to propel the sector.

Thus, the SEZ is envisioned to be an integrated agriculture park, designed to produce and process various agricultural and pharmaceutical products in Mafeteng.

The focus of the SEZ is to position itself as a focal area for agricultural excellence, which covers both upstream and downstream activities, from cultivation of grains crops to processing of cannabis oil. A university will also be established to complement the facility.

Located approximately 80 km from Maseru and 500 km from the Port of Durban, South Africa (the largest and busiest shipping facility in Sub-Saharan Africa), the Mafeteng SEZ will comprise four hubs, with Bophelo Biosciences as the anchor company for Hub 1. Other hubs will include manufacturing plants, such as agri-based pharmaceutical manufacturing.

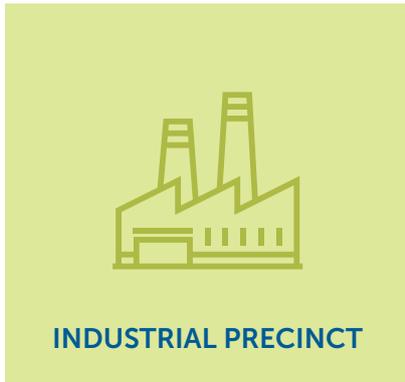
The SEZ will be anchored by three business zones, aimed at becoming a fully-integrated agri-business hub: an Industrial Precinct, the Agri Development Zone, and a Cargo Facility.

The zone is expected to become a major low cost supplier of high value agri-medical and pharmaceutical products for international markets.

Implementation for this project is expected to be completed by June 2023.

Implementing Agency	<ul style="list-style-type: none"> • Tau Tsehla
Stakeholders	<ul style="list-style-type: none"> • Ministry of Development Planning • Lesotho National Development Corporation • Ministry of Trade and Industry • Ministry of Agriculture and Food Security • Ministry of Energy and Meteorology • Ministry of Local Government and Chieftainship • Ministry of Public Works and Transport • Ministry of Finance • Ministry of Health • Ministry of Water

It will be anchored by three business zones, aimed towards becoming a fully integrated agri-business hub



- The industrial precinct would **encompass over 110 ha of prime, fully-serviced industrial/ pharmaceutical infrastructure** that would be ideal for pharmaceutical, manufacturing, distribution and other businesses to establish operations.
- The industrial precinct will comprise warehouse facilities, factory buildings and other structures that can be customised to **suit any tenant's specific requirements.**
- The medical agricultural zone will include **60 ha of state-of-the-art facilities and technical support** for cultivating, harvesting, processing, packing and shipping medi-agricultural commodities as well as high value agri-medical pharmaceutical products and agri-medicinal perishables.
- The medical **agricultural zone will encompass various facilities**, including but not limited to high tunnels, polycarbonate greenhouse structures, shade houses, processing facilities, testing laboratories, state-of-the-art irrigation, and waste processing facilities.
- A **world class cargo and materials handling facility** will be available for tenants located in the Tau Tsehla Agri-Industrial & Pharmaceutical Development Property Zone, together with a **dedicated air cargo terminal** (including a fit for purpose air strip).
- Digital tracking systems incorporating the latest offerings in blockchain technology will enable the secure flow through of cargo through the facility with **dedicated access to customs and statutory processing sites.**

Source : Tau Tsehla Agri-Industrial and Pharmaceutical Development Zone

Tau Tsehla Agri-Industrial Zone: Propelling Agriculture Sector with a Dedicated Agripark

Tau Tsehla Medical Cannabis Development Property Zone (Proprietary) Limited, a company incorporated and domiciled in the Kingdom of Lesotho, is focused on creating and establishing the country's first dedicated Agri-Industrial, Pharmaceutical and Manufacturing Special Economic Zone (SEZ), also known as the Mafeteng SEZ. It will be based in the Mafeteng District, which is in accordance with the country's National Strategic Development Plan (NSDP) II.

The SEZ will comprise the following sectors: pharmaceutical and medicinal cannabis zone for generic and herbal use, cultivation and extraction; light and medium size manufacturing and packaging zone; agri park zone(s) with large scale mechanised agriculture to include poultry, cattle and sheep farming, and value chain; and a logistical hub including a landing strip, a rail line to connect to the Vepenar/Bloemfontein rail network and dedicated solar energy for the zone.

The length and breadth of the project as well as how new the SEZ concept is to Lesotho requires the involvement of multiple government stakeholders, including the Lesotho National Development Corporation (LNDC) and the following Ministries: Local Government and Chieftainship, Trade and Industry, Health, Finance, Agriculture and Food Security, Development Planning, Energy, and Water.

The project is not without its challenges. There has been a costly and tedious process of land lease registration for the Tau Tsehla Development Zone. It is also facing issues of accessing water to support investors in its zones/hubs.

Due to the scale of the project, stakeholder alignment was addressed with the proposal of a 3-tier committee to oversee the progress of the Mafeteng SEZ, with representatives from each Ministry to be present at each committee tier: Tier 1 with Cabinet Ministers, Tier 2 with Principal Secretaries, and Tier 3 with two senior officials from each Ministry.

At the Agriculture Lab, it was discussed and agreed that LNDC would be the implementing agency to coordinate meetings and track the progress of the Mafeteng SEZ project. In addition to its mandate to facilitate investments, LNDC was chosen to oversee the project as it is currently developing a national SEZ policy framework and legislation that will guide the development of the SEZ Act. This will subsequently influence the design and implementation of the Mafeteng SEZ.

Seedy Lette, co-founder and CEO of Tau Tsehla Development Zone has expressed hope that the solving of bottleneck issues will result in the rapid implementation of the Mafeteng SEZ.

Special Project 2: Seed Africa Medical Cannabis

Lesotho is well placed to be the preferred destination for local and international companies seeking to establish agricultural (particularly Cannabis), industrial and manufacturing operations in Southern Africa due to its strategic geographic location, favourable climate conditions, abundance of natural resources, progressive policies and extensive government support.

Seed Africa has identified a project site located in Maseru, to establish its cannabis and hemp facility. The project will consist of a three ha, cannabis cultivation facility that’s able to produce 400% - 600% higher yields with 80% less water and no pesticides, therefore reducing crop loss through snow, heatwave, storm, or hail damage.

The extraction lab will be Africa’s premier facility, certified to export medicinal grade Cannabidiol (CBD) oil worldwide. The warehousing and packaging facilities will be built to complete the entire value chain in-country while retaining the full value, employee numbers and taxation generation within Lesotho. Seed Africa’s greenhouse complex will consist of two mothering areas, four vegetative areas and 12 flowering areas.

Implementation for this project is expected to be completed by November 2021.

Seed Africa has identified a project site located in Maseru, to establish its Cannabis and Hemp facility



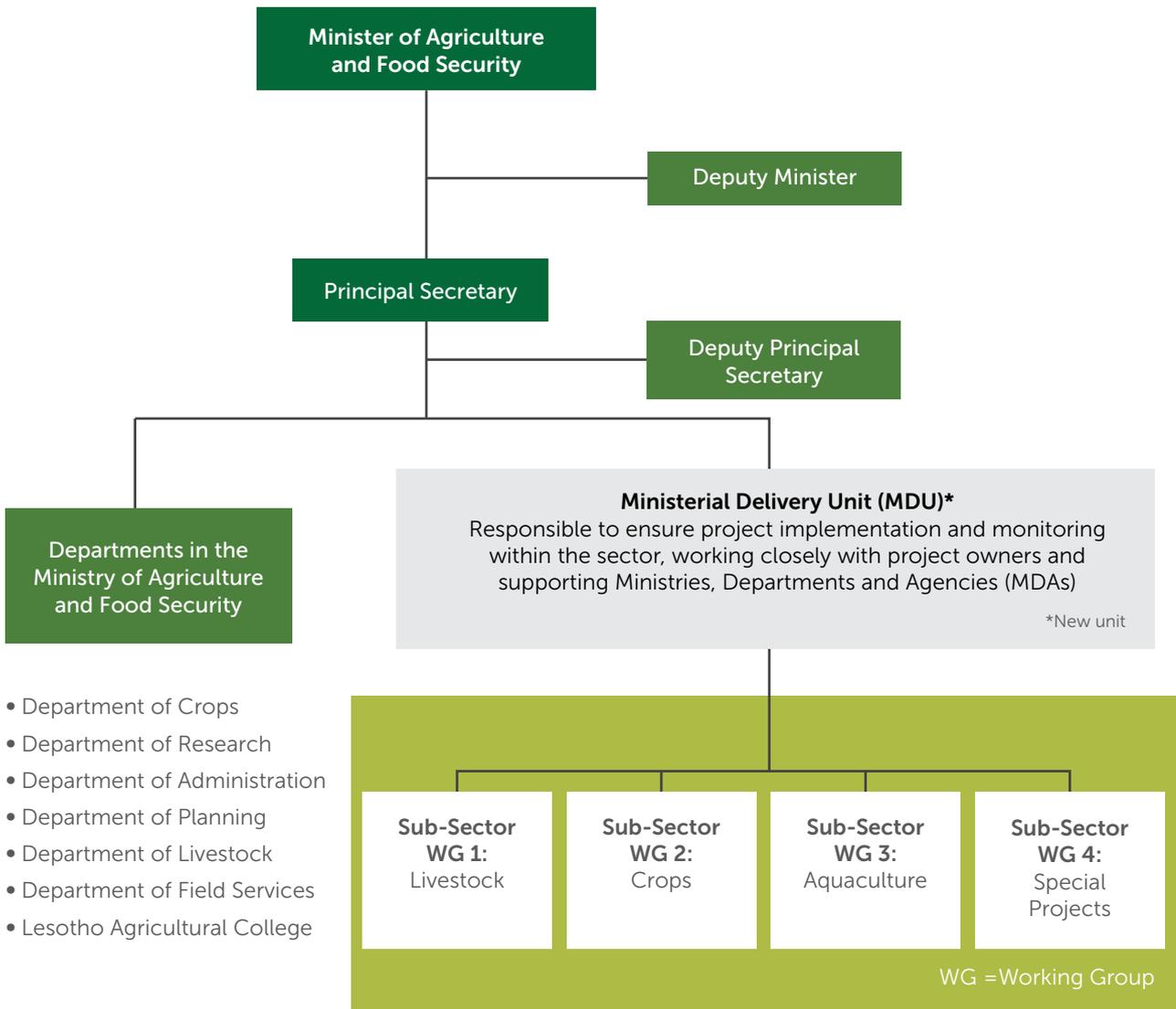
Implementing Agency	<ul style="list-style-type: none"> • Seed Africa
Stakeholders	<ul style="list-style-type: none"> • Ministry of Agriculture and Food Security • Ministry of Development Planning • Ministry of Health • Ministry of Finance

Governance

To drive the implementation, a Ministerial Delivery Unit (MDU) will be established under the Ministry of Agriculture and Food Security (MAFS), that is supported by four sub-sector Working Groups.

Overall Governance Structure

PROPOSED STRUCTURE

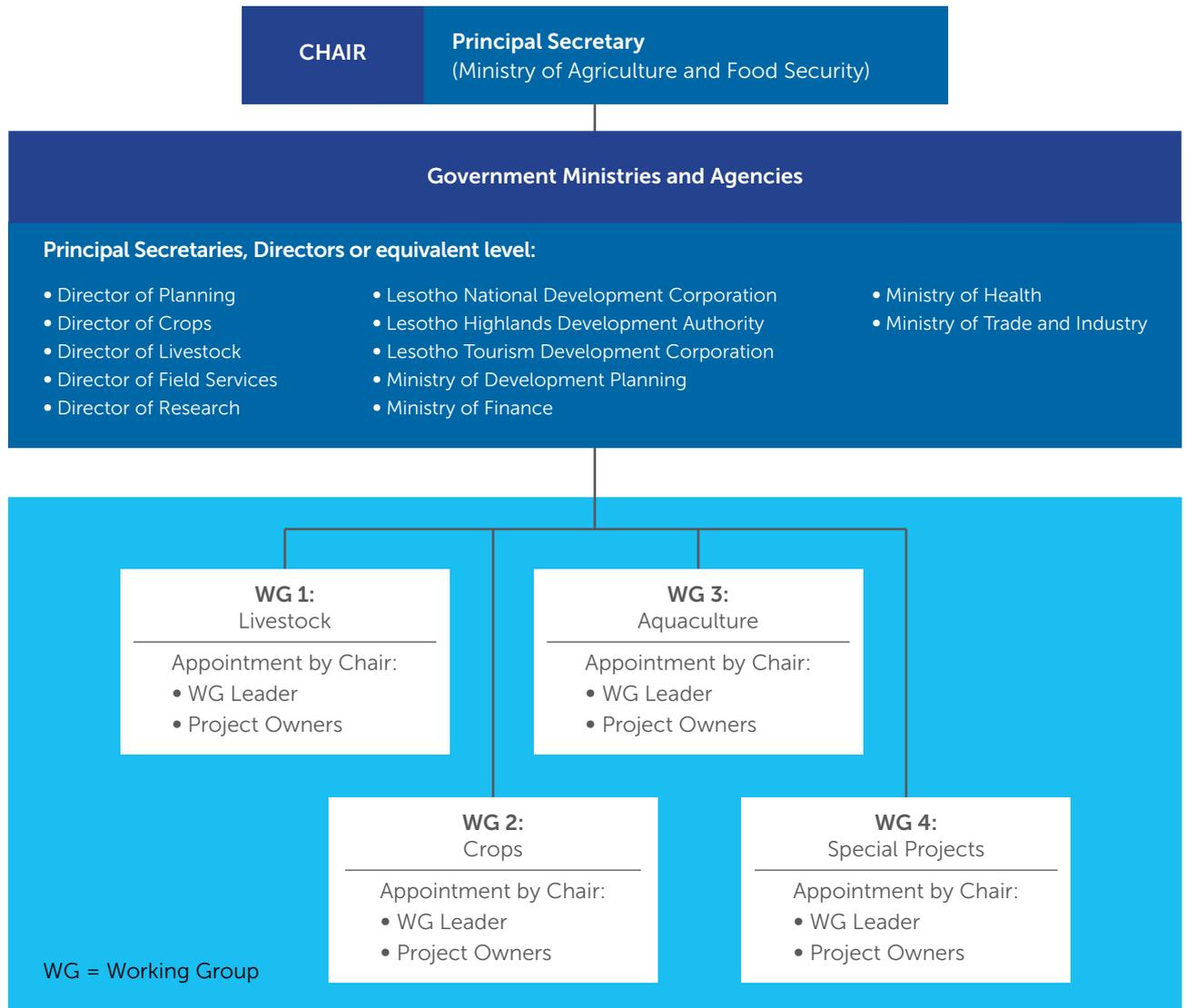


The proposed performance monitoring and problem-solving structure within the Agriculture sector governance structure will ensure that the project owners will implement their respective projects according to the set timelines and KPIs.

Sub-Sector Working Groups will be formed based on their respective scope of work for effective problem-solving.

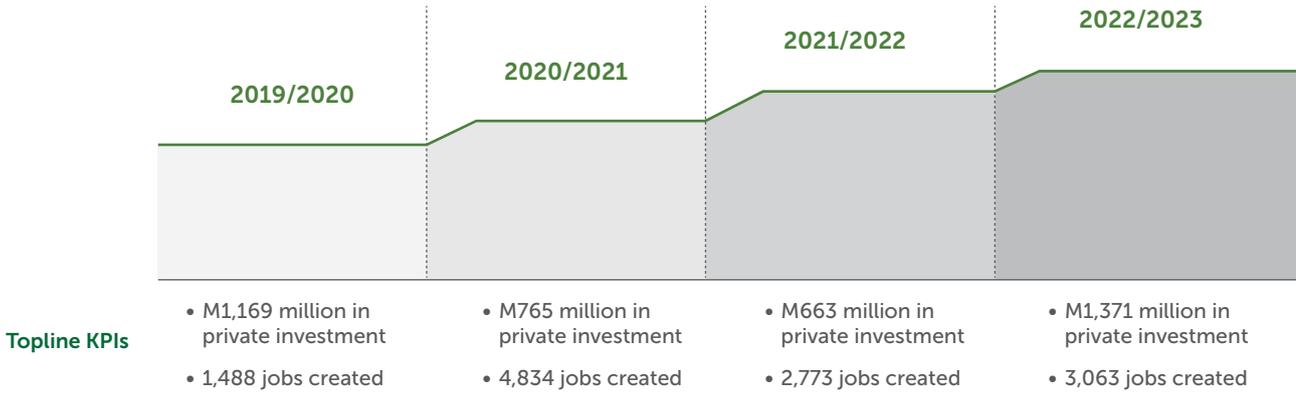
Ministerial Delivery Unit (MDU) Structure

PROPOSED STRUCTURE



Measuring Transformation

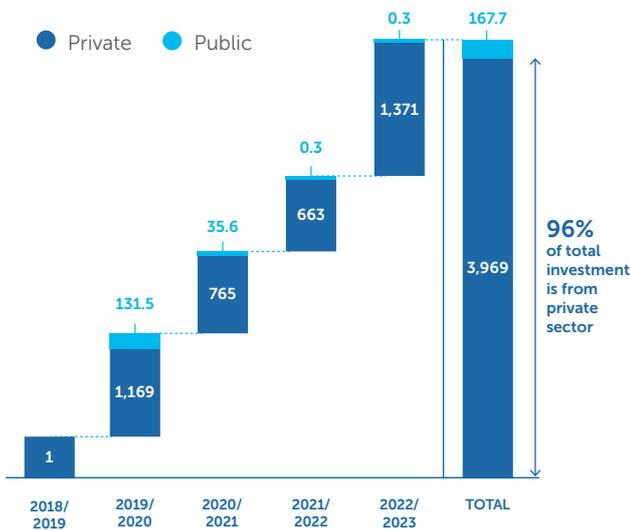
Clear Key Performance Indicators (KPIs) have been established to monitor the performance of each project and to ensure accountability right up to 2023. These amount to the overall topline KPIs for the sector.



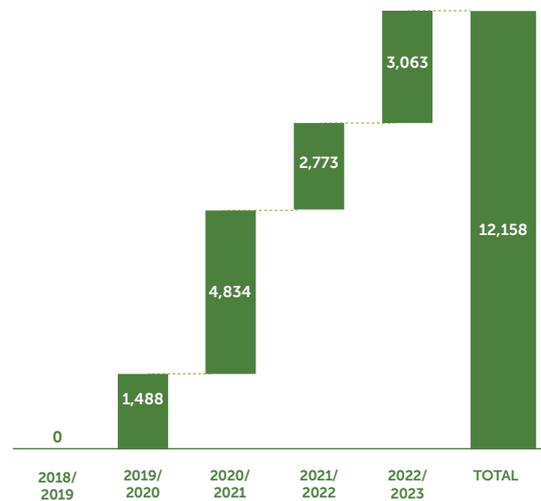
Agriculture Sector Impact

By the end of FY 2022/2023, an additional M3,969 million in private investment and a total of 12,158 direct jobs is expected to be realised in the Agriculture sector.

Total Private Investment
M mil

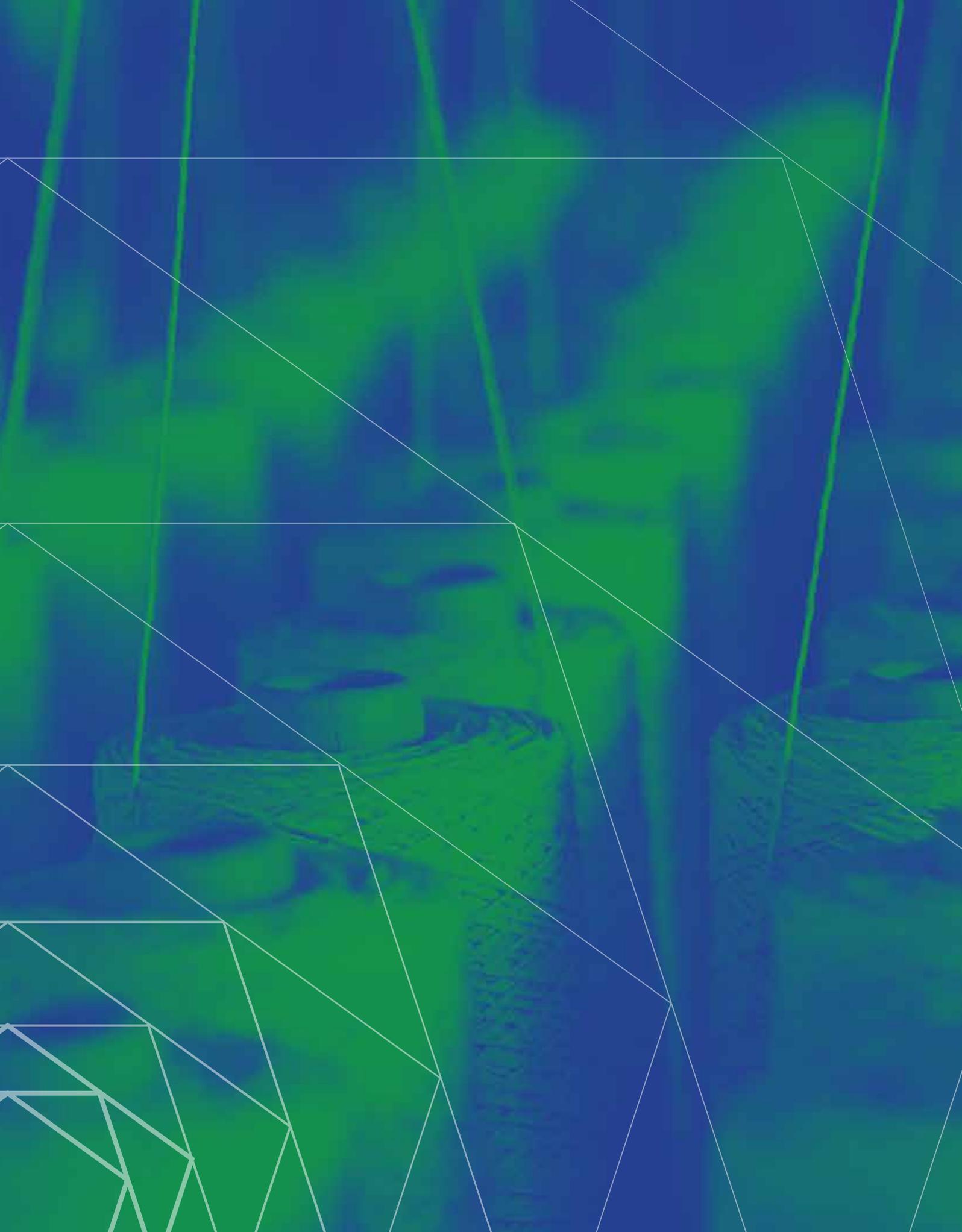


Direct Jobs
Number



Public investment required from 2018/2019 to 2022/2023 is M167.7 million

Note : Indirect jobs consist of short-term employment during construction and commissioning period; Total indirect jobs created from 2018/2019 to 2022/2023 is 15,463



Manufacturing Sector



Part 3: Sector Outcomes

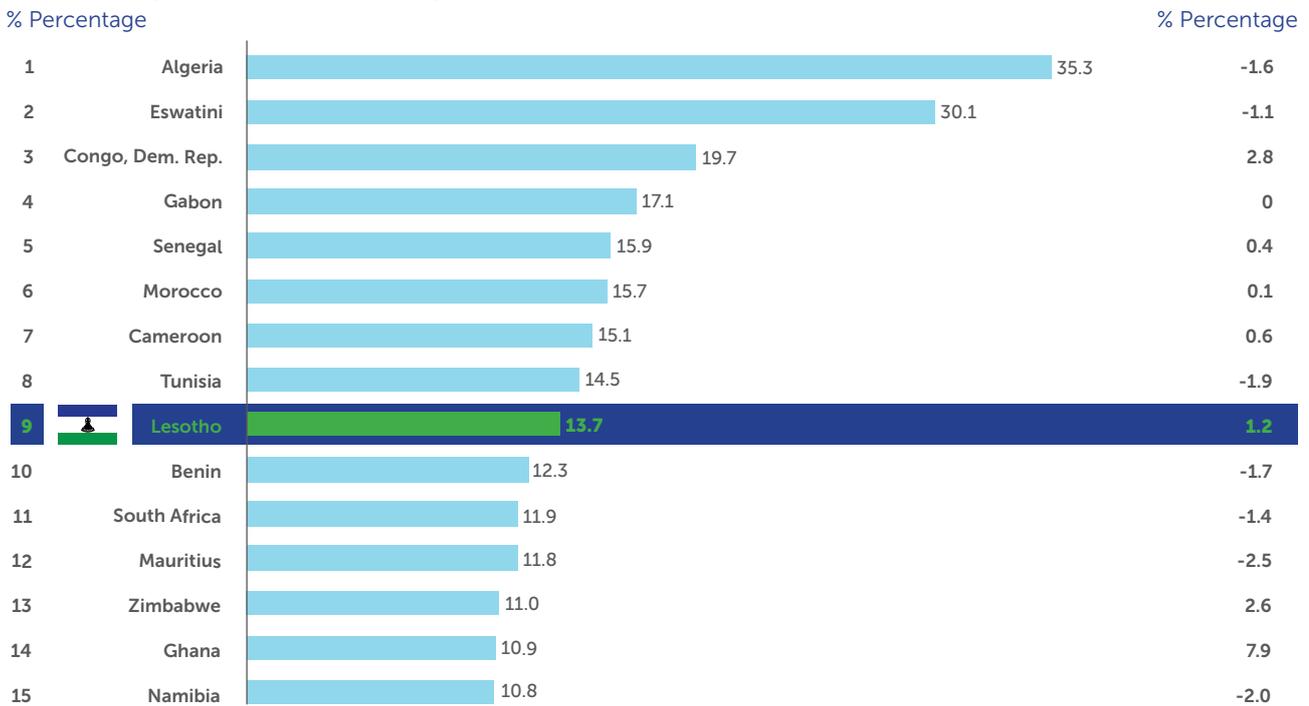
MANUFACTURING SECTOR

Overview

The Manufacturing sector is one of four main economic sectors highlighted in the National Strategic Development Plan (NSDP) II (2018/2019-2022/2023), which aims to achieve a private sector-led, producer-based economy.

Manufacturing GDP Contribution Among African nations, 2017

2010 - 2017 CAGR Growth



Note : Exclusion of the following nations due to incomplete data availability: Burundi, Central African Republic, Comoros, Djibouti, Eritrea, Madagascar, Mali, Somalia, South Sudan, and Chad.

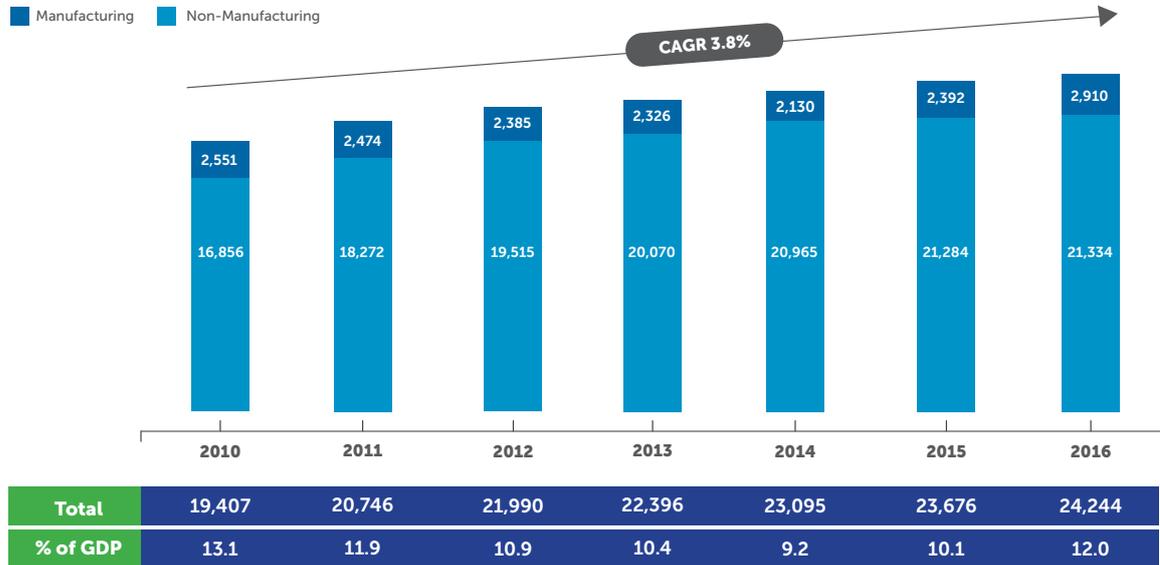
Source : World Bank

In 2017, Lesotho was the 9th biggest manufacturing contributor (as % of GDP) out of 37 African countries, thus signifying growth opportunity within the region.

The Manufacturing sector contributed 12% or M2.9 billion to Lesotho's GDP in 2016. Despite being the main driver of the country's economy, the sector has seen slow expansion, growing at 3.8% CAGR between 2010 and 2016.

GDP Contribution by Activity, Constant Price

M mil

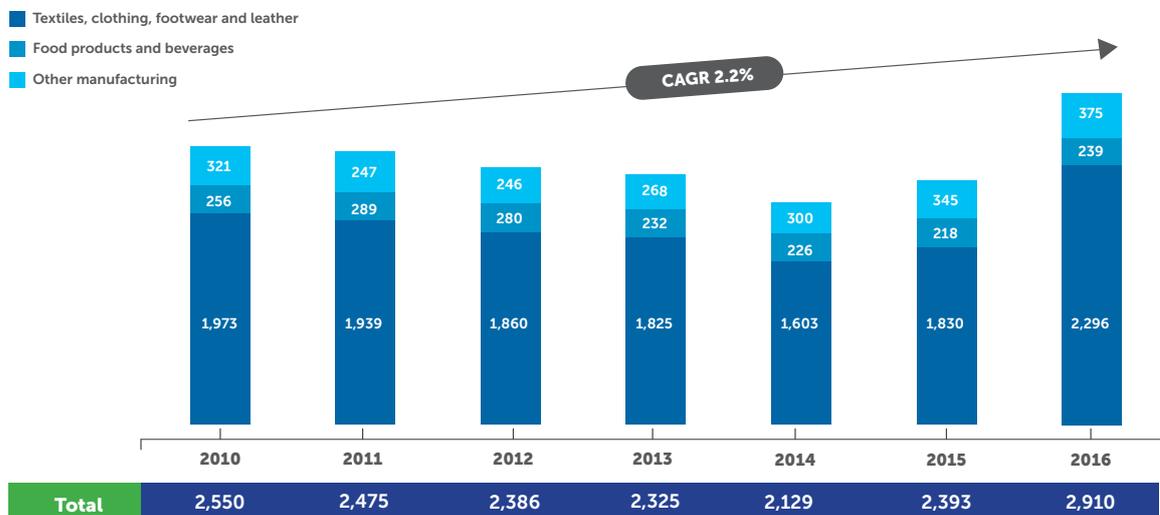


Source : Lesotho Statistical Yearbook, 2017, IMF 2018

Lesotho's Manufacturing sector is highly dependent on the textiles, garment, leather and footwear sub-sector, which accounted for 78.9% or M2.3 billion of the total M2.91 billion Manufacturing sector revenue in 2016.

Breakdown of Manufacturing GDP Contribution, 2010-2016

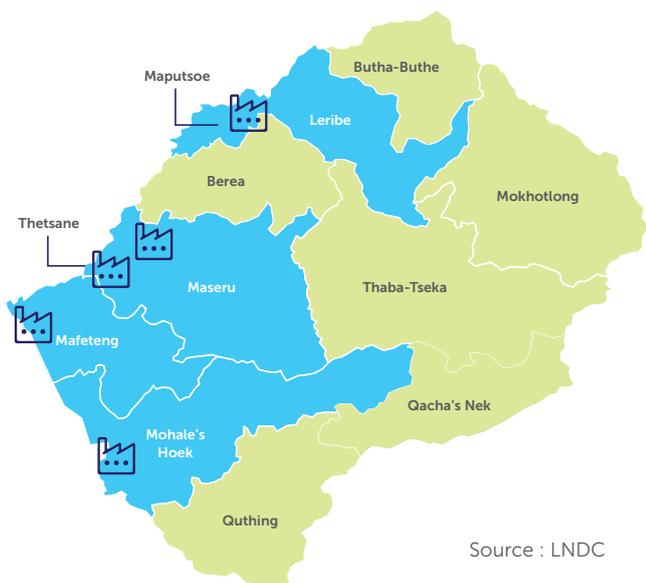
M mil



Source : Lesotho Statistical Yearbook, 2017, IMF 2018

Manufacturing activities are largely concentrated within five industrial parks in Lesotho which are equipped with factory shells and other infrastructure. This has led to the growth of the population and employment in these areas. The Maseru and Leribe districts, which have the larger share of manufacturing establishments in their industrial zones, are also the most populated and enjoy a higher percentage of employment.

Existing Industrial Areas by Region



Source : LNDC

Lesotho's Manufacturing sector is predominantly concentrated in the low technology segment, requiring low-skilled labour which in turn earns low wages. The textile and clothing industry provides 90% of total employment within the sector. While the industry is credited with the creation of thousands of jobs, there are concerns over job quality and limited career advancement opportunities for Basotho employees. Nevertheless, the industry remains important for poverty reduction. Estimates show that one worker employed in this industry supports five other family members and the income generated by the industry benefits 13% of Lesotho's total population.

These sector conditions point to a need to diversify Lesotho's manufacturing base, as well as to move up the value chain in order to enhance the sector's earning potential.

Case for Change

Opportunities

The slow growth of manufacturing has resulted in a similar low growth in job opportunities for Basotho in the sector.

Sectoral growth thus far has been largely dependent on the African Growth and Opportunity Act (AGOA), a US Trade Act which gives Lesotho exporters duty-free access to the US market for over 6,500 products since it was enacted in 2000. As a result, the US and South Africa are Lesotho's two largest export markets, accounting for more than 95% of the country's exports.

Top 10 Destinations of Lesotho Exports, 2017 USD '000



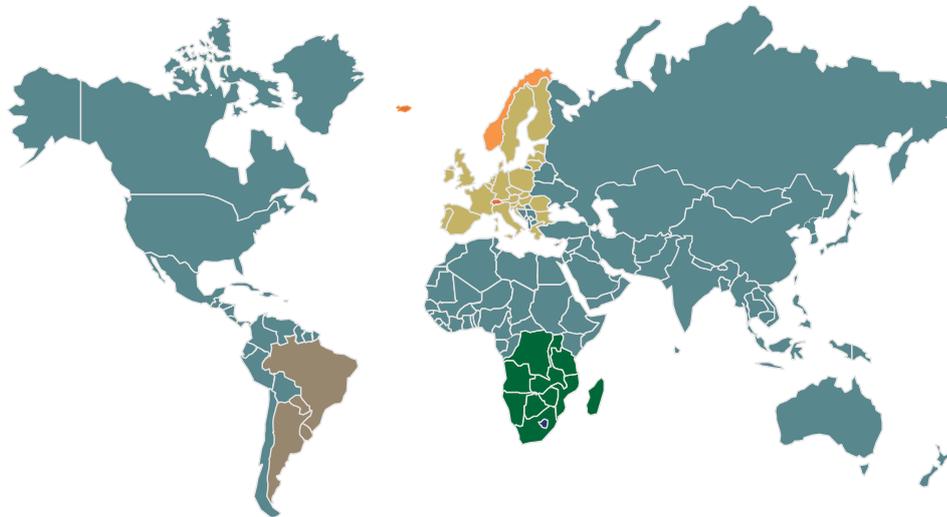
Source : ITC Trade Map; Trade Law Centre (Tralac)

Lesotho's textiles sub-sector in particular has benefited from the AGOA, with exports increasing by 120% from 2000 to 2005. This trend, however, has been in decline over the past decade, with exports to the US decreasing from 94% to 61% of total textile and apparel exports between 2005 and 2016 due to intense competition with other low-cost producers. The textile industry is also under pressure to diversify its export market as the AGOA expires in 2025.

In expanding its export base, Lesotho presently has the opportunity to reach another 1 billion consumers in Europe, Africa and South America through four existing favourable trade agreements outside the AGOA:

- i. The EU-SADC Economic Partnership Agreement
- ii. The MERCOSUR-SACU Preferential Trade Agreement
- iii. The SADC Free Trade Area
- iv. The EFTA-SACU Free Trade Agreement.

Potential Markets



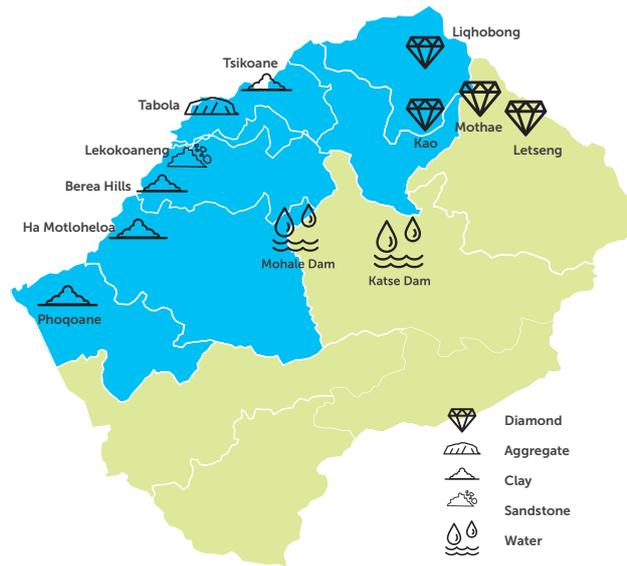
Common Market of the South	European Free Trade Association	European Union	Southern African Development Community
<p>1. </p> <ul style="list-style-type: none"> • MERCOSUR-SACU Preferential Trade Agreement • Preferences on over 1,000 tariff lines at margins ranging from 10% to 100% • Focus: minerals and chemicals, agriculture and agro-processed goods, plastics and rubbers, textiles and clothing, precious metals, machinery and electrical products. • Population: 264.3 mil • Eight member states 	<p>2. </p> <ul style="list-style-type: none"> • EFTA-SACU Free Trade Agreement • Most industrial and agricultural goods will benefit from duty-free access to EFTA states • Population: 14.2 mil • Four EFTA member states 	<p>3. </p> <ul style="list-style-type: none"> • EU-SADC Economic Partnership Agreement • 100% tariff-free access to EU market • Population: 512.6 mil • 28 EU member states 	<p>4. </p> <ul style="list-style-type: none"> • SADC Free Trade Area • Import tariff-free on about 85% of all trade in community goods • Population: 233.9 mil • 15 member states

Source : AGOA.info; Southern Africa Development Community; Southern Africa Customs Union

The sector has the opportunity to diversify its manufacturing base, considering the country’s abundance of natural resources including minerals and water. Mining resources include diamond, clay, sandstone and aggregate. Lesotho’s water resources are largely untapped, with only 18 springs commercially utilised out of 137 documented sources. This represents an opportunity to expand production for the construction industry as well as water bottling operations.

To boost employment and diversify the industry, the Manufacturing sector must also move up the value chain from its current low technology base. Lesotho’s first industrial focus was to provide jobs for Basotho through labour-intensive operations such as in the textile and garment industry which relies heavily on foreign direct investment (FDI). The NSDP II aims to diversify the sector by moving into automation and light engineering to generate opportunities for semi and high-skilled labour with quality wages. The sector will also establish special economic zones to promote domestic direct investments in addition to FDI. In the future, the sector aims to attract capital-intensive investments and move into advanced technology industries.

Mining Sites of Selected Natural Resources in Lesotho



Source : U.S. Geological Survey 2015 Minerals Yearbook – Lesotho, United Nations Economic Commission for Africa – Lesotho Country Profile 2015.

First Industrial Focus	NSDP II	Scaling up
<ul style="list-style-type: none"> Foreign direct investment Labour-intensive Textile and garment industry To address unemployment among Basotho 	<ul style="list-style-type: none"> Foreign direct investment Domestic direct investment <ul style="list-style-type: none"> Formalised MSME Diversified sub-sectors Move to automation and light engineering Special economic zones 	<ul style="list-style-type: none"> Capital intensive investment Expanding medium industries High technology industries Regional principal hub
<ul style="list-style-type: none"> Low skill Low wages 	<ul style="list-style-type: none"> Semi and high skill Quality wages 	<ul style="list-style-type: none"> High skill High wages
50,000 jobs created	Investment & jobs	Investment & jobs

The sector has identified three main objectives to be achieved by 2022/2023, which are to generate exponential GDP growth, cultivate inclusive economies by creating jobs for all Basotho, and develop sustainable growth by diversifying its industries. In order to achieve these objectives, the sector must first improve its infrastructure and business environment to support these initiatives.

Challenges

Despite the vast potential of Lesotho's Manufacturing sector, a few key challenges remain impeding its growth. The Manufacturing sector is heavily reliant on FDI for job creation (over 90%), resulting in limited linkages to the domestic private sector. As such, the sector generates less economic benefit for Basotho-owned enterprises, though they account for 97% of registered businesses in Lesotho.

In addition, while the AGOA trade pact has bode well for manufacturing export growth in the past, the Manufacturing sector cannot be overly dependent on it for market access to the US. Lesotho's high dependency on the AGOA, which will expire in 2025, poses a fundamental risk for the Manufacturing sector's sustainability in the future.

Manufacturers in Lesotho also continue to face roadblocks such as limited access to financing, inadequate factory shell infrastructure, and lack of quality standards to support growth for the domestic and international markets.

Fundamental Challenges in the Manufacturing Sector

Challenges	Summary
Finance	<ul style="list-style-type: none"> • Of the four banks in Lesotho, only one (Post Bank) is Lesotho-owned • Private sector financing in Lesotho (18% of GDP) is much lower than the average for Sub-Saharan Africa, e.g. South Africa (68%) and Namibia (55%) • Banks prefer to invest excess liquidity in South Africa, draining savings and capital from Lesotho • The lack of quality investments is seen as the main cause of low private sector lending and high interest rates (14.5% for micro and macro credit)
Human Capital	<ul style="list-style-type: none"> • Lesotho's pool of human capital displays low productivity and limited technical, marketing, and financial skills to match industry demand • Rework rates (correcting defective, failed, or non-conforming items) range from 5% to over 20% • Changeover time (switching products within the same production line) can range up to five days • 80% of manufacturing employees are trained in factories once employed, instead of receiving training from upskilling centres, thus requiring more time and investment for training
Trade Barriers and Policy	<ul style="list-style-type: none"> • Reliance on FDI impedes the growth of small local firms as they receive less attention and assistance • Foreign investments also face restrictions like minimum capital requirements (USD250,000) for foreign-owned companies, licensing requirements and the inability of foreigners to lease land and hold land titles • Dependency on the US market via the AGOA limits sector expansion and diversification

Fundamental Challenges in the Manufacturing Sector (cont'd)

Challenges	Summary
Business Environment	<ul style="list-style-type: none"> • In the World Bank’s Ease of Doing Business Index 2019, Lesotho ranked 106 out of 190 countries, behind fellow SACU members South Africa and Botswana at 82nd and 86th respectively • In the World Economic Forum Executive Opinion Survey 2018, the three most problematic factors for doing business in Lesotho were identified as access to financing, bureaucratic government processes and inadequate infrastructure
Infrastructure	<ul style="list-style-type: none"> • Readiness and suitability of factory shells are critical growth constraints for the sector • While rental rates for industrial estates in Lesotho (M14 per sqm) are cheaper than those in South Africa (M31-56 per sqm), new investors have to wait up to over a year, according to a World Bank report • Industrial clusters in Lesotho face routine and urgent maintenance issues and lack the necessary facilities
Standards	<ul style="list-style-type: none"> • Among the main obstacles to sourcing more products and services in Lesotho is the inability of local suppliers to meet the quality standards, volume and deadline requirements of clients • The Lesotho Standards Institute, which was only recently launched in February 2018, is intended to support Lesotho investors who are targeting international export markets • Robust standards can improve consumer welfare, foster effective competition, attract more business and investment, facilitate the process of certification and help local products to compete internationally

Phokeng Natural Spring Water: Overcoming the Challenges in the Water Industry

Phokeng Natural Spring Water (Phokeng) aims to expand the capacity of its spring water bottling plant in Mafeteng to provide safe and quality water for human consumption. The company also hopes to reduce Lesotho's dependence on imported bottled water by capturing a market share of M58 million out of the M69 million market for imported bottled water from South Africa.

The goals are not without challenges. Currently, Phokeng has a production capacity of only 3,000 x 500 ml bottles per day as the plant is manually-operated and thus is not fully optimising the allocated groundwater resources. The company aims to grow the plant into a large enterprise with a higher production capacity of 24,000 x 500ml bottles per day to fulfil the demand from both the local and international markets.

However, the plant's growth is hindered by limited local market access due to the lack of product standard certifications within the country. Another key roadblock is that the company's short-term water-use permit, which is valid for five years, is perceived as a risk by financiers in offering long-term loans, leading to prohibitive interest rates by commercial banks.

Phokeng's Founding Director, Nathaniel Maphathe, shared that the Lab process has changed his perspective as an entrepreneur on overcoming roadblocks, as well as his understanding of government interventions. The meetings and the resulting actions greatly helped towards resolving some key challenges, by identifying factual barriers and negotiating solutions around them. The process is focused on fast-tracking projects by removing roadblocks while meeting stakeholders' requirements.

For example, in addressing the issue of high interest rates due to perceived risk by commercial banks, the Lab facilitated a meeting with the Department of Water Affairs for their assistance in issuing letters of assurance on the renewal of Phokeng's water permit immediately. The new five-year permit will assure the banks of the long-term viability of its operations.

Meanwhile, to address the lack of product standard certifications, Phokeng will now engage consultants to get Quality Management System (QMS) certifications. Once this is received, the Department of Standards will assist in carrying out an internal audit and facilitate an external audit of the process.

To assist with raising the capital needed for its planned expansions, Phokeng will also now apply for tax incentives offered by the Lesotho Revenue Authority to manufacturers. The company has been advised to provide a market strategy as part of its lending applications to ensure that there is market demand and viability for the project.

With the challenges being addressed, moving forward, Nathaniel Maphathe hopes to develop a clear business proposal with an implementation programme, which will describe the activities relating to new plant recapitalisation, design, construction and commercial operation.

Establishing the Sector's True North

The Manufacturing sector aims to unlock M10.76 billion in private sector investments, create 13,787 jobs and contribute M2.21 billion to GDP by 2022/2023.

This will be achieved through 20 projects prioritised across 4 core Sub-Sectors and implemented through 7 Entry Points (EPs), as well as 2 Special Projects.



Entry Point Projects

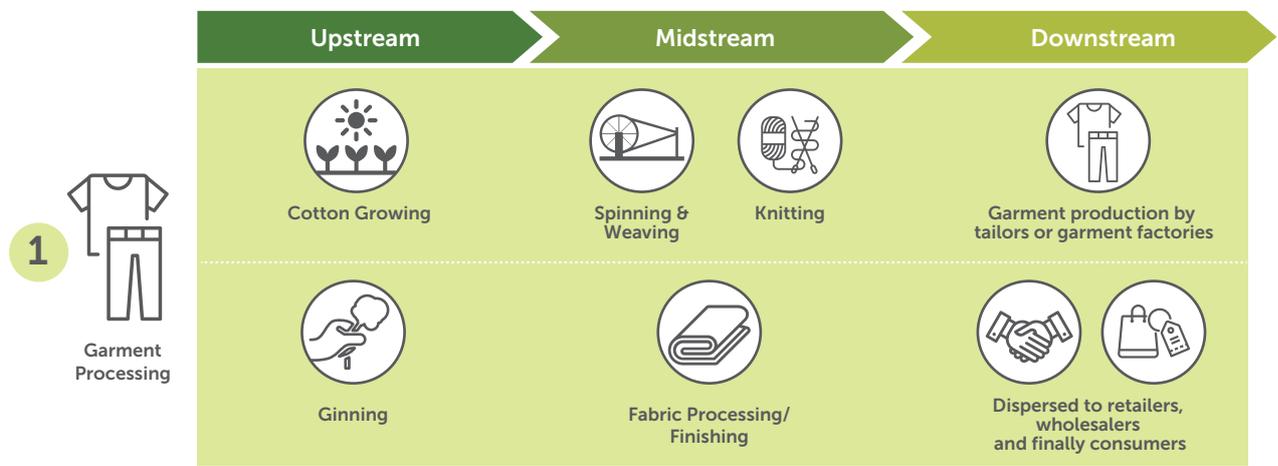
A. Textiles, Garment, Leather & Footwear Sub-Sector

Entry Point 1: Textile & Garment Expansion

Overview

The importance of the textiles, garment, leather and footwear sub-sector to Lesotho's economy cannot be understated, as it constitutes close to 80% of the Manufacturing sector's GDP. In 2016, the sub-sector accounted for 61,346 jobs, representing 90% of total employment within the Manufacturing sector.

Lesotho's textile and garment industry covers the entire value chain, from upstream plantation, midstream processing and finally downstream to end-user markets.



Garment processing in Lesotho can be further segmented into the following areas:

A. Textiles

B. Denim (woven bottoms)

C. Non-denim woven fashion

D. Industrial workwear

E. Knit garments

Source: Africa's Inspired Apparel Sourcing Hotspot

However, the industry has been facing a decline due to high local production costs, competition from Eswatini and cheaper imported goods. Furthermore, the industry is predominantly occupied by FDI that are tapping on the growth from the AGOA.

Although textiles are the main driver of manufacturing activity in Lesotho, many of its manufacturers import raw materials from South Africa. Thus, there is a need to establish knit factories to manufacture the raw materials required and reduce this dependency on producers in South Africa.

The focus of this sub-sector will be on Entry Point 1: Textile and Garment Expansion, with the following three objectives to be achieved through six projects:

- Supporting Basotho-owned textile and garment business expansions
- Improving process efficiencies
- Increasing exports

Project 1: Expansion of Basotho-Owned Garment Production (AET)

This project aims to optimise the production capacity of the fully Basotho-owned Afri-Expo Textiles Pty. Ltd. (AET), which manufactures denim garments for export to South Africa. AET operates on a 2,000 sqm factory floor in the Ha Tikoe Industrial Area in Maseru.

The company employs approximately 400 permanent staff and produces 150,000 units monthly. This is currently insufficient to fulfil the South African market orders of 500,000 units per month. AET requires financing to upgrade its factory machinery in order to fulfil this export demand.

In the long term, AET aims to roll out similar Basotho-led enterprises across 10 districts, creating further employment opportunities and exporting its goods as “Made in Lesotho” products.

Implementation for this project is expected to be completed by July 2021.

Project Owner	<ul style="list-style-type: none"> • Afri-Expo Textiles Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Ministry of Trade and Industry • Lesotho National Development Corporation • Ministry of Small Business Development, Cooperatives and Marketing

Project 2: Basotho Industrial Workwear Manufacturing (Seshoeshoe)

This project will seek to maximise the utilisation of Seshoeshoe Production Pty. Ltd. (Seshoeshoe)’s factory shell, which is currently held back by the lack of financing facilities to purchase new machinery and fittings to fulfil the needs of international buyers.

Seshoeshoe is an established local manufacturer of workwear, protective clothing, uniform wear and sportswear. It is Lesotho’s top supplier of workwear to the country’s largest companies including the Letšeng Diamond Mine. Seshoeshoe plans to expand its remit to export locally-made products.

Seshoeshoe’s production facility in Maseru is currently operating with 30-50 employees in a 1,000 sqm factory space. The company plans to produce a monthly capacity of 34,500 units and continue the set-up of three to four assembly lines.

Implementation for this project is expected to be completed by July 2021.

Project Owner	<ul style="list-style-type: none"> • Seshoeshoe Production Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Ministry of Finance • Standard Bank • Post Bank

Project 3: Screen-Printing Operations - Glory International Phase 2

This project will kick-start Phase 2 of Glory International Pty. Ltd. (Glory International), a knit fabric mill project in Maseru. Glory International manufactures 1,200 knitwear pieces daily, with operations including cutting, sewing, packing and embroidery before exporting the products to clients in the US.

Glory International is a subsidiary of Nien Hsing Group, a clothing manufacturer which is one of the largest private investors and employers in Lesotho, having established its presence in the country since 1990.



Currently, the group manages one spurn yarn mill, one denim mill, one corrugated paper sheet factory and three jeans apparel factories. Its Free on Board (FOB) assembly operation covers end-to-end production, from design, pattern fabric and trims, to import-export.

Phase 2 of the knit fabric mill project is currently in the evaluation stage to better understand its feasibility.

Implementation for this project is expected to be completed by November 2021.

Project Owner	<ul style="list-style-type: none"> • Glory International Production Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Ministry of Trade and Industry • Ministry of Finance • Lesotho National Development Corporation • Maseru City Council • Lesotho Revenue Authority

Project 4: Expansion of Chainex/Hippo Knitting

Chainex/Hippo Knitting Pty. Ltd. (Chainex/Hippo Knitting) is a licensed AGOA exporter planning to build an additional 1,500 sqm factory to expand its current production capacity in Maseru to include warehousing, cutting, sewing and finishing facilities.

At full capacity, Chainex/Hippo Knitting’s 6,000 sqm factory shell would employ about 1,300 workers. Its monthly capacity is approximately 360,000 units from nine cutting tables, 1,200 machines, 24 pressing tables and 26 sewing lines.

The company produces knit bottoms and tops while specialising in fleece garments with hoods and kangaroo pockets. The bulk of its products are exported to the US for brands such as Jansport, Reebok, Columbia, JCPenney, Jones Apparel, VF Corporation and Walmart.

Implementation for this project is expected to be completed by May 2020.

Project Owner	<ul style="list-style-type: none"> • Chainex/Hippo Knitting Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Lesotho National Development Corporation • Maseru City Council • Lesotho Electricity Company • Water and Sewerage Company

Project 5: Twilight Clothing Manufacturing

This project aims to expand the production line of an existing school wear manufacturing factory.

Twilight Clothing Manufacturers Pty. Ltd. (Twilight Clothing Manufacturing) aims to set up a Cut, Make and Trim (CMT) plant in Leribe to produce school wear and undertake cutting, stitching, finishing and packaging activities efficiently.

Products from this plant will be exported to major chain stores and wholesalers in the South African market. The company will compete with manufacturers from India, who currently dominate the branded school uniform market by offering attractive prices, quality products and features.

Implementation for this project is expected to be completed by May 2020.

Project Owner	<ul style="list-style-type: none"> • Twilight Clothing Manufacturers Pty. Ltd.
Stakeholder	<ul style="list-style-type: none"> • Lesotho National Development Corporation

Project 6: Vishan Clothing Manufacturing

This project is an expansion of an existing garment manufacturer based in Durban, South Africa. Vishan Clothing is a manufacturer of denim jeans and a supplier to South African apparel brands and market.

The company will be relocating one of its factory operations in Durban to Maputsoe in Leribe. There, Vishan Clothing aims to develop an integrated textile production and garment assembling process.

Textile materials sourced from South Africa and China will then be processed to meet the specific standards set by global buyers and their respective destination markets.

Implementation for this project is expected to be completed by May 2020.

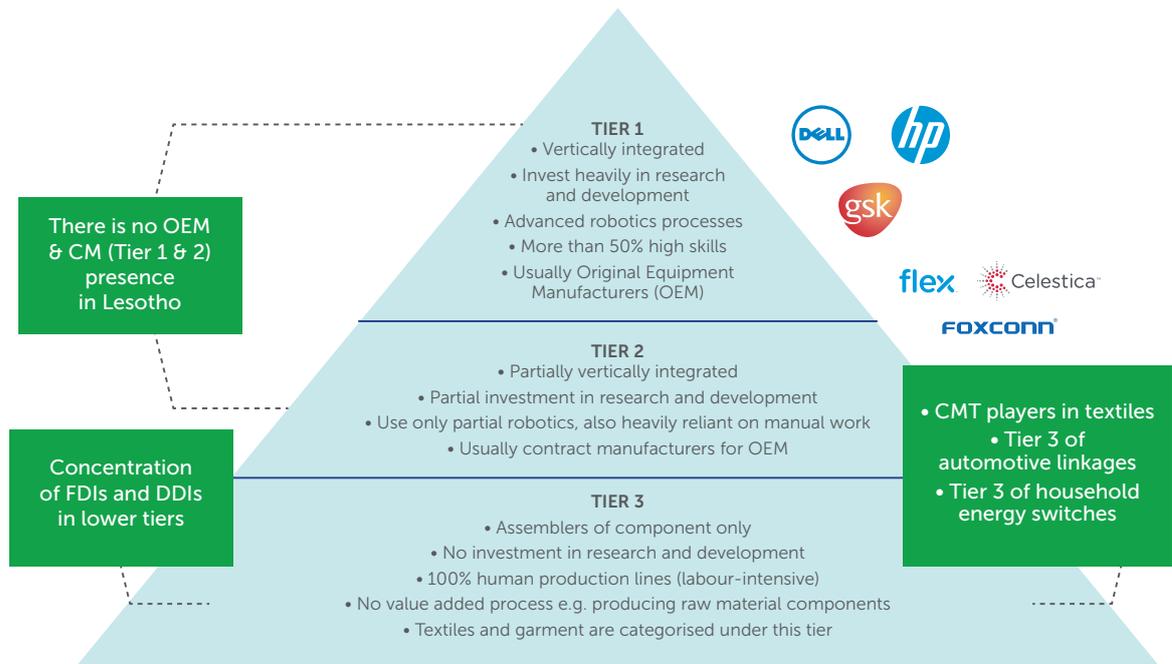
Project Owner	<ul style="list-style-type: none"> • Vishan Clothing
Stakeholders	<ul style="list-style-type: none"> • Lesotho National Development Corporation • Lesotho Revenue Authority

B. Advanced Manufacturing Sub-Sector

Entry Point 2: Knowledge-Based Industries

Overview

Lesotho's manufacturing activities are largely concentrated in the low-tier and low-value segment of the industry supply chain.



Source: World Bank, IMF, PEMANDU Associates Team Analysis

The government recognises that Tier 1 and Tier 2 manufacturing activities are concentrated in emerging economies in Southeast Asia and the BRICS (Brazil, Russia, India, China, and South Africa) nations. Thus, Lesotho will strategise to position itself to attract Tier 2 investments, an upgrade from its current focus on Tier 3 activities.

To achieve this, Lesotho requires the following game-changers:

- Industrial estate development, management and maintenance
- Attractive incentives
- Ease of doing business
- Logistics
- Reliability and consistency of utilities
- Human capital readiness and availability

Under the NSDP II, Lesotho will shift towards higher value chain industries focusing on the development and application of technology-driven products. These industries are relatively new and will rely on the expertise of foreign direct investors to propel growth.

With the government's focus on ensuring sufficient energy supply, there is now potential in renewable energy projects, light engineering assembly and machinery assembly operations.

Project 7: Sekameng Solar Panel Factory

This is a new project currently being implemented to fulfil energy requirements in the Sekameng area in Maseru. Spearheaded by project owner A&A Industry Pty. Ltd. (A&A Industry), the factory will manufacture 5MW solar panel modules using a partly-automated production line.

This will enable the creation of a substantial number of job opportunities for local communities while supplying rural households with solar energy units at affordable prices. This supports the implementation of Lesotho’s energy policy to provide electricity in rural areas, as currently less than 20% of rural households have access to electricity. The project is also a supporting measure in addressing climate change. In addition, A&A Industry will undertake the training of rural youth in skills needed to install solar modules, paving the way for them to become self-employed.

The company is seeking taxation relief and domestic incentives during the first five years of operations in order to improve its competitiveness against other large firms in South Africa, and is in discussions with the Lesotho Revenue Authority, Lesotho National Development Corporation, and the Ministry of Finance to that effect.

Implementation for this project is expected to be completed by April 2021.

Project Owner	<ul style="list-style-type: none"> • A&A Industry Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Standard Bank • Post Bank

Project 8: Light Truck Assembly Plant

This project focuses on the manufacturing and assembly of multi-purpose agricultural and transport vehicles. The light truck assembly plant in Maseru will manufacture a special rural truck called the AfriTruck for agricultural purposes, with 50-70% of the components made in Africa. The rest of the parts will be imported from the US.

In the first phase of production, project owner Forward LLC will begin by assembling small machinery and trucks for use in the agricultural sector. The assembly line will then expand to include other agricultural machinery and small tractors for the domestic and export markets.

Project Milestones:

- Prototype: Manufacturing 40 vehicles with an initial USD200,000 investment (M2.8 million)
- First phase: Manufacturing 3,000 vehicles
- Second phase: Manufacturing 20,000 vehicles annually with an additional investment of USD100 million (M1.4 billion)
- Third phase: Capacity expansion and market development in three other African countries
- Fourth phase: Expansion of product line to manufacture small tractors and other farm equipment

Project 8: Light Truck Assembly Plant (cont.)

The multi-purpose agricultural and transportation vehicles will be operable with minimal training and features built-in speed control devices for safety. These off-road vehicles are targeted for transport use in large worksites without paved roads. The MUVs are designed to be versatile with a low weight-to-load capacity ratio, thus operating efficiently at a low cost.

Implementation for this project is expected to be completed by February 2022.

Project Owner	<ul style="list-style-type: none"> • Forward LLC
Stakeholders	<ul style="list-style-type: none"> • Central Bank of Lesotho • Ministry of Finance • Lesotho National Development Corporation • Standard Bank • Land Commission • Ministry of Public Works and Transport • Ministry of Agriculture and Food Safety

Project 9: Electronics Assembly Plant

This project involves the relocation of a wiring accessories manufacturing operation from China to a 3,000 sqm factory shell in Lesotho. The project owner, Crabtree South Africa Pty. Ltd. (Crabtree South Africa), is a fully-owned subsidiary of German multinational company, Siemens Group.

Crabtree South Africa is a manufacturer of a wide range of products from wiring accessories to residential and commercial circuit protection. It is one of the leading manufacturers and suppliers of low voltage electrical equipment, such as switches for household usage. Its existing 2,000 sqm manufacturing plant in Maseru has a capacity of M65 million production. The company plans to expand their operations in Phase 1 in 2019 and Phase 2 by 2021.

Phase 2 involves the commissioning of a production line on a 5,000 sqm factory. Crabtree South Africa will utilise high-tech plastic injection moulding to increase plant capacity and reduce raw material imports, increasing value added to its Lesotho operations.

Implementation for this project is expected to be completed by January 2021.

Project Owner	<ul style="list-style-type: none"> • Crabtree South Africa Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Lesotho National Development Corporation • Lesotho Electricity Company

Project 10: Moremoholo Solar Power Generation

The power generation industry in Lesotho is beholden to supply from external sources, with 40% of its electricity imported from South Africa and Mozambique. The remaining 60% of its electricity demand is sourced locally from Muela Hydropower. Thus, there is an urgent need to diversify energy sources to ensure a constant and reliable supply of energy for both residential and commercial users throughout Lesotho.

The Moremoholo Solar farm will be Lesotho’s first Solar Photovoltaic (PV) farm, with a 75MW capacity. Phase 1 of the project will commission a PV power plant which will be integrated into the Maputsoe substation in the Leribe district. The plant may also include a potential energy storage system and a solar panel maintenance plant.

The project requires an area of approximately 100 ha for the power plant and has a project life of 25 years. The project is entirely private sector-led, however the investor will require an offtake agreement with Lesotho Electric Company (LEC) to provide electricity supply to the national grid. This power purchase agreement is estimated to generate M2.25 billion in savings over 25 years for the LEC, compared to the cost of importing electricity from neighbouring countries.

The project will reduce dependencies on expensive electricity imports from South Africa and Mozambique and provide cheaper energy supply to local households and industries. This is also in line with Lesotho’s Energy Policy to reach 200 MW of installed capacity by 2020. The current installed capacity in Lesotho stands at 75MW through hydroelectric generation.

The Moremoholo solar power plant is also expected to create employment and develop skills and knowledge in the region.

Implementation for this project is expected to be completed by February 2022.

Project Owner	<ul style="list-style-type: none">• Moremoholo Solar Energy
Stakeholders	<ul style="list-style-type: none">• Lesotho Electricity Company• Lesotho National Development Corporation• Commissioner of Land• Ministry of Energy and Meteorology

Project 11: Precast Concrete Factory

The Morero City is a smart city project in Maseru comprising 12,000 mixed development units with a gross development value of M14.5 billion. The project will require a massive supply of locally-sourced construction and building materials instead of imports from South Africa.

The precast concrete factory owned by Strategic Partnership Pty. Ltd. (Strategic Partnership) will be located on a 100,000 sqm (10 ha) factory site to fully supply the construction concrete needs of the Morero City development.

The factory will manufacture a wide range of products including solid walls, half slabs, staircases, columns and beams for the construction industry. It is a semi-automated Industrialised Building Systems (IBS) factory, equipped with technology capable of customising construction and building materials to the specifications of residential, commercial or industrial buildings. The IBS technology allows for enhanced quality consistency, high precision, better safety and shorter construction time, as well as providing an opportunity for technology transfer. The factory has the capacity to produce up to 4,000 properties annually, excluding other infrastructure products.

Strategic Partnership will also utilise Building Information Modelling and Robotic Machine Operations in its factory, providing customers end-to-end services from design to manufacturing and construction. Its products can potentially be exported to South Africa and other SACU countries.

Implementation for Phase 1 of this project is expected to be completed by January 2021.

Project Owner	<ul style="list-style-type: none"> • Strategic Partnership Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Ministry of Local Government and Chieftainship Affairs • Ministry of Trade and Industry • Maseru City Council • Commissioner of Land • Land Administration Authority

Entry Point 3: Aviation Industry

Overview

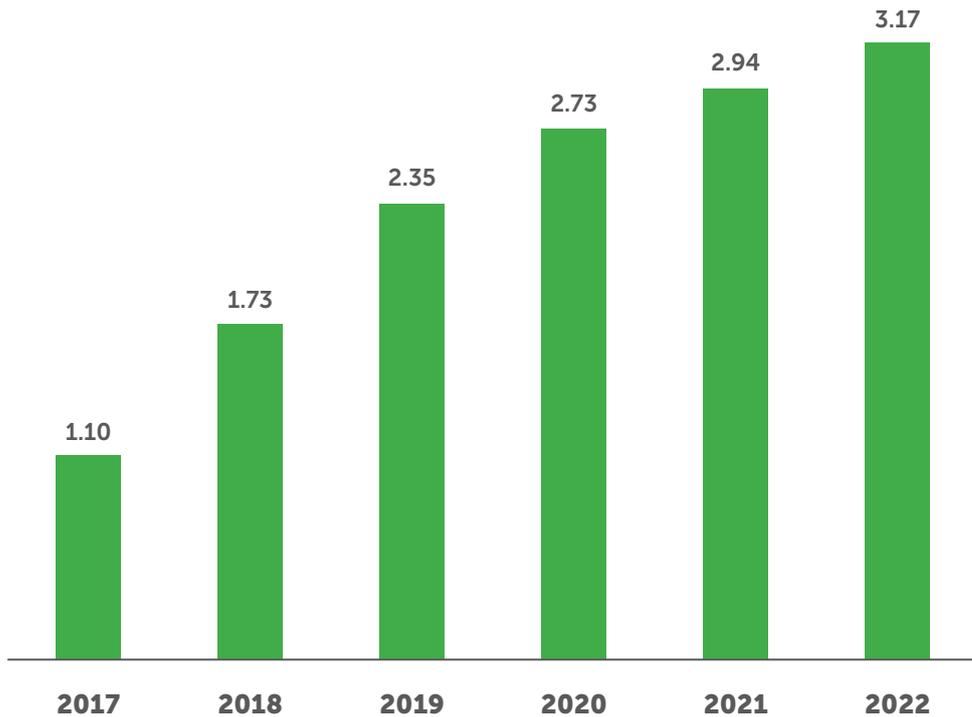
Air traffic within Africa is expected to grow at a rate of 6.1% annually over the next 20 years, with more than 1,000 new aircraft slated for delivery to the continent. The African aviation industry, including maintenance, repair and overhaul (MRO) operations, remains challenging due to high airport fees, jet fuel taxes and expensive maintenance charges.

With a competitive manufacturing cost base, Lesotho aims to offer a value proposition to aviation industry players, specifically for MRO services and the avionics development space.

Within the avionics industry, the development of unmanned aircraft systems (UAS) or drones have experienced robust growth globally. UAS technology is now being leveraged for application across different industries such as agriculture, mining, power and utilities, railways, construction, highways, delivery and media. Goldman Sachs expects the global market size for UAS technology to reach USD100 billion by 2020.

Unmanned Aircraft Systems Registered

Mil



Source : U.S. Federal Aviation Authority, EY

The growth in demand provides an opportunity for Lesotho to offer competitively priced products in the industry.

Project 12: Aerospace Product Manufacturing

Commercial drones are projected to have an annual impact of USD31 billion to USD46 billion globally by 2026. Banking on this, Desert Charm Trading 36 Pty. Ltd. (Desert Charm Trading) has proposed establishing a Centre for Aerospace and Advanced Manufacturing, Technology & Innovation (CAAMTI), which would produce both manned and unmanned avionics systems. Its products are targeted for export within the African continent for surveillance and security purposes.

Desert Charm Trading is notable as it was the first 100% Black-owned company to design and build unmanned aircraft systems through a research-based collaboration with Cape Peninsula University of Technology and an original equipment manufacturer.

This aerospace product manufacturing plant will be located at a 10,000 sqm factory shell either in the Ha Tikoe Industrial Area or within the area of King Moeshoeshoe 1 International airport. The plant will be commissioned to include R&D, a prototype assembly line and a final assembly line. The design and prototype phase will take two years before mass production commences.

Factory operations will include design capabilities, prototype development, a training centre and a sub-assembly line. The operations would require access to airport runway facilities at the Moshoeshoe I International Airport.

Cognisant of how new this industry is to Lesotho businesses, Desert Charm Trading will undertake a Vendor Development Programme to localise aerospace manufacturing capabilities by subcontracting a portion of the manufacturing to local vendors. In line with encouraging supply chain growth, Desert Charm Trading will also establish a human capital development plan to support the operations of CAAMTI and its local vendors.

Implementation for this project is expected to be completed by January 2023.

Project Owner	<ul style="list-style-type: none"> • Desert Charm Trading 36 Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Department of Civil Aviation • Ministry of Trade and Industry • Ministry of Public Works and Transport

C. Mineral & Water Processing Sub-Sector

Entry Point 4: Construction Products

Overview

The mineral processing industry in Lesotho is dominated by construction aggregate (dolerite), sandstone and clay mining. Significant resources of clay offer potential for the brickmaking industry. Formations of attractive sandstone for the construction industry have been identified, with abundant resources estimated at over 321 million m³ of sandstone reserves. The presence of fine-grained basalt and massive dolerites provide a good base for a dimension stone and aggregate industry.

However, there are challenges that hinder the realisation of the mineral processing industry’s potential, namely insufficient knowledge of the country’s mineral resources endowment due to inadequate geological mapping and mineral exploration activities. There are also limitations in mining legislation, limited fiscal and taxation incentives, a lack of policy support for domestic businesses and insufficient infrastructure to connect the mining industry to other economic sectors. Recognising these challenges, the government developed the Minerals and Mining Policy in 2015 to address those specific issues.

Project 13: Cement Blending & Packing

Spearheaded by Maluti Cement and Concrete Pty. Ltd. (Maluti Cement and Concrete), this project involves the establishment of a cement plant with a capacity of 180,000 tonnes of cement, and a block-brick and brick paver plant with a capacity of 25 million units of bricks and brick pavers annually. The block-brick and brick paver manufacturing plant will be located in Hlotse, Leribe, while the cement blending and packing plant shall be located in Maputsoe.

Maluti Cement and Concrete currently produces block concrete bricks, brick pavers and high strength cement for the domestic and the eastern Free State (South Africa) markets. Present demand for this product in Lesotho is estimated at 240,000 tonnes per annum, with this figure expected to reach 387,400 tonnes by 2025. Maluti Cement and Concrete will appoint distributors and hardware dealers for both the local and South African markets.

Implementation for this project is expected to be completed by March 2021.

Project Owner	<ul style="list-style-type: none"> • Maluti Cement and Concrete Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Commissioner of Land • Maputsoe Urban Council • Department of Environment

Entry Point 5: Water Bottling

Overview

One of Lesotho's major natural resources is water, which is considered among the most pure in the world. With very little microbiological and chemical contamination, much of Lesotho's water resources do not require intensive treatment.

Lesotho has 137 documented spring sources in total, of which 106 are monitored by the government. The remaining 31 are documented but not monitored. Only 18 of these documented sources are currently utilised to commercially produce bottled water.

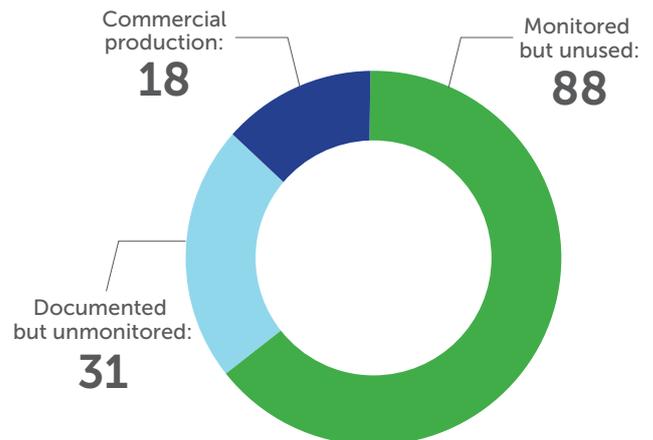
The 88 untapped springs represent a tremendous business opportunity to establish bottling plants with sustainable extraction methods. Lesotho's bottled spring and mineral water products have potential markets locally as well as internationally in South Africa, the EU and the US.

Despite the abundance of water resources, Lesotho still imports M69 million of bottled water annually, as the development of the local water bottling industry is impeded by several challenges:

- The lack of standardisation mechanisms and infrastructure hampers water bottlers from accessing local retail chain stores and export markets. The adoption of international standards and certification is paramount to ensure consumer health and confidence.
- Backward linkages in the local value chain are weak. Water bottlers currently source their bottles, caps and stickers from South Africa.
- The lack of laboratory testing facilities in Lesotho forces water bottlers to take their samples to Bloemfontein in the Free State of South Africa for testing.
- The Lesotho Standards Institute is still being developed with assistance from the African Development Bank. In the interim, international standards will be adopted.

In light of the industry's challenges, the government has developed a Long Term Water and Sanitation Strategy to sustainably manage water resources and utilisation.

Classification of Lesotho's Water Springs



Source: United Nations Economic Commission for Africa – Lesotho Country Profile 2015

Project 14: Phokeng Spring Water Bottling

Phokeng Natural Spring Water (Pty) Ltd. currently has water sources in Likhoele, Mafeteng which yields 753.7 m³/day and generates revenue through the production and delivery of bottled drinking water for the local market.

At its Mafeteng site, the company is currently producing 3,000 units of bottled water daily. It is planning to expand its pure water production capacity to approximately 24,000 bottles per day of 500 ml and 1.5 litre product lines. The plant will capitalise on Lesotho’s highlands spring water as its feedstock.

The plant aims to achieve standard certifications in line with international testing and quality standards in order to penetrate export markets.

Implementation for this project is expected to be completed by January 2021.

Project Owner	<ul style="list-style-type: none"> • Phokeng Natural Spring Water (Pty) Ltd.
Stakeholders	<ul style="list-style-type: none"> • Department of Water Affairs • Lesotho Standards Institute • Post Bank

D. General Manufacturing

Entry Point 6: Diversified Products

Overview

Lesotho’s Manufacturing sector has historically been dominated by the textiles industry, constituting an average of 78% of the sector’s GDP. Given the heavy reliance on the textiles sub-sector, there is an urgent need to diversify Lesotho’s current manufacturing base, which is also export-oriented.

The sector’s strategy in this regard is to push the local manufacturing industry towards import substitution industrialisation. This seeks to gradually pivot Lesotho’s manufacturing from catering towards the export market to focusing on the domestic market. This includes diversifying the economy and establishing strong forward and backward linkages to create a holistic industry ecosystem locally. The aim is to produce local goods capable of substituting imported intermediate and capital goods. Key to this strategy is the technology transfer from industrialised countries to develop the knowledge and skills of local communities, thereby generating employment opportunities.

In line with this strategy, the manufacturing workstream has identified several industries to diversify the Manufacturing sector beyond the low-wage, low-skill textile segment.

Among them is the sanitary paper manufacturing industry, which has tremendous growth potential in Africa. Despite housing 16% of the total global population, Africa’s sanitary paper consumption is only 2% of the world’s total. Demand within Lesotho alone is expected to reach 100 million rolls annually by 2020.

Sanitary paper products have a wide range of applications, such as hand towels, facial tissues, toilet tissue, as well as napkins and serviettes that require different product grades. Sanitary paper, including toilet tissue, is increasingly becoming an average household necessity. It is estimated that an average household of four uses about 1.6 rolls per day.

The tissue industry is a multi-billion dollar industry with both local and multinational companies having already captured a bigger percentage of the market. These companies continue to explore opportunities in other markets and countries for expansion.

Another area for diversification is the packaging industry. Africa and the Middle East have recorded the highest growth rates in the packaging market globally, at 5.3% CAGR from 2014-2018. Plastic packaging is the most widely used packaging with a share of 34% of total packaging sales in the world in 2014.

Project 15: Sanitary Paper Product Manufacturing

Bliss Tissue Manufacturing (Pty) Ltd (Bliss Tissue) is a sanitary paper product manufacturer based in South Africa. The company is 100% owned and managed by black women. The company plans to expand their manufacturing base to Lesotho, as it is one of their key markets.

Initial operations will involve the commissioning of two machines for tissue conversion, a band saw machine for roll cutting, and a core machine for a throughput of 5 million rolls annually. Production will be ramped up in the second phase of operations, targeting a throughput of 46 million rolls annually. By the third phase, the company plans to export its products to neighbouring countries like South Africa, Eswatini, Botswana, Mozambique and Zimbabwe.

Bliss Tissue will remain competitive through partnerships with established retail giants. This will give the company an opportunity to put its own branded products on retail shelves and capture market share.

Implementation for this project is expected to be completed by December 2021.

Project Owner	<ul style="list-style-type: none"> • Bliss Tissue Manufacturing (Pty) Ltd
Stakeholders	<ul style="list-style-type: none"> • Lesotho National Development Corporation • Ministry of Trade and Industry • Lesotho Revenue Authority

Project 16: Paper Production and Processing

Currently, Matebele Quality Paper Manufacturing (Matebele) is the only manufacturer in Lesotho producing toilet paper products. Now, the company is planning to expand and diversify its production lines to include serviettes and printing paper among its offerings.

The project will begin by manufacturing single, double and triple-ply toilet paper, followed by the manufacturing of printing paper and serviettes. Matebele will manufacture all products locally, but source raw materials and machinery from South Africa. The final products will bear a Mokorotlo logo, a sign to consumers that they are manufactured in Lesotho.

In addition to serving the domestic market, Matebele aims to export its products to the Free State in South Africa.

Implementation for this project is expected to be completed by April 2021.

Project Owner	<ul style="list-style-type: none"> • Matebele Quality Paper Manufacturing
Stakeholders	<ul style="list-style-type: none"> • Post Bank • Basotho Enterprises Development Corporation • Ministry of Finance

Project 17: Plastic Packaging and Recycling Plant

Building on the potential of the plastic packaging industry, Artefusion Bags South Africa (Pty) Ltd (Artefusion) is expanding its business into Lesotho by establishing a plastic bag manufacturing plant, a primary packaging plant, a recycling plant, and a building materials plant in the country. The Chinese-owned company has been operating in Ladybrand, South Africa since 2017, and has a client base of over 200 small businesses and large corporations.

Artefusion predominantly produces plastic carry bags and packaging bags for clothing manufacturers. It has expanded its line of products to reusable bags, trash can liners, food and fish bags. The company utilises state-of-the-art manufacturing equipment, in line with its emphasis on quality.

Artefusion's investment in Lesotho is spread across four phases, but the focus will be on its first two phases, which are to establish a plastic bag factory and then a recycling plant. The plants in Maseru will use raw materials imported from South Africa and other countries. Artefusion is geared towards greener, sustainable manufacturing, and hence will look into investing in solar power generation for its factories.

Implementation for this project is expected to be completed by May 2020.

Project Owner	<ul style="list-style-type: none">• Artefusion Bags South Africa (Pty) Ltd
Stakeholder	<ul style="list-style-type: none">• Lesotho National Development Corporation

Project 18: MSME Development via BEDCO Incubation

The government is keen to help enterprising Basotho micro, small, and medium enterprises (MSMEs) to make their mark in the country's Manufacturing sector. The MSME Development Framework nurtures MSMEs from the four productive sectors identified under the NSDP II.

The pilot programme includes 14 high potential companies with business expansion or diversification plans, and assists them in financing and market access. The prioritisation of resources is expected to yield better growth for these Basotho MSMEs.

Company - District	Project
1 JMM Beekeeping - Mafeteng	Honey and Bee Products
2 Anne's Creation - Maseru	Clothes Design and Production
3 Has Design and Textile - Maseru	Clothing Apparel Production
4 Itekeng Linare - Leribe	Cushion Cover Production
5 King Detergent - Quthing	Detergent Production
6 Motz Fashion Design - Leribe	Fashion Design
7 Je ne sais quoi LS - Leribe	Garment Manufacturing
8 Legendary Garments Manufacturers - Leribe	Garment Production
9 Nat' Effect - Maseru	Herb Processing
10 Liphororo Frutties - Mafeteng	Fruit Juice and Yoghurt Processing
11 Jalad Africa - Maseru	Leather Accessories Production
12 Leather Sole Works and Supplies - Maseru	Leather Products
13 Black Hair - Maseru	Organic Haircare
14 Green Stone Enterprises - Maseru	Sandstone Processing

The Basotho Enterprises Development Corporation (BEDCO) will monitor the development of these pilot projects and problem-solve challenges faced by the companies.

Implementation for this project is expected to be completed by June 2020.

Project Owner	<ul style="list-style-type: none"> Basotho Enterprises Development Corporation
Stakeholders	<ul style="list-style-type: none"> Ministry of Small Business Development, Cooperatives and Marketing Ministry of Trade and Industry Ministry of Finance

Entry Point 7: Waste Management

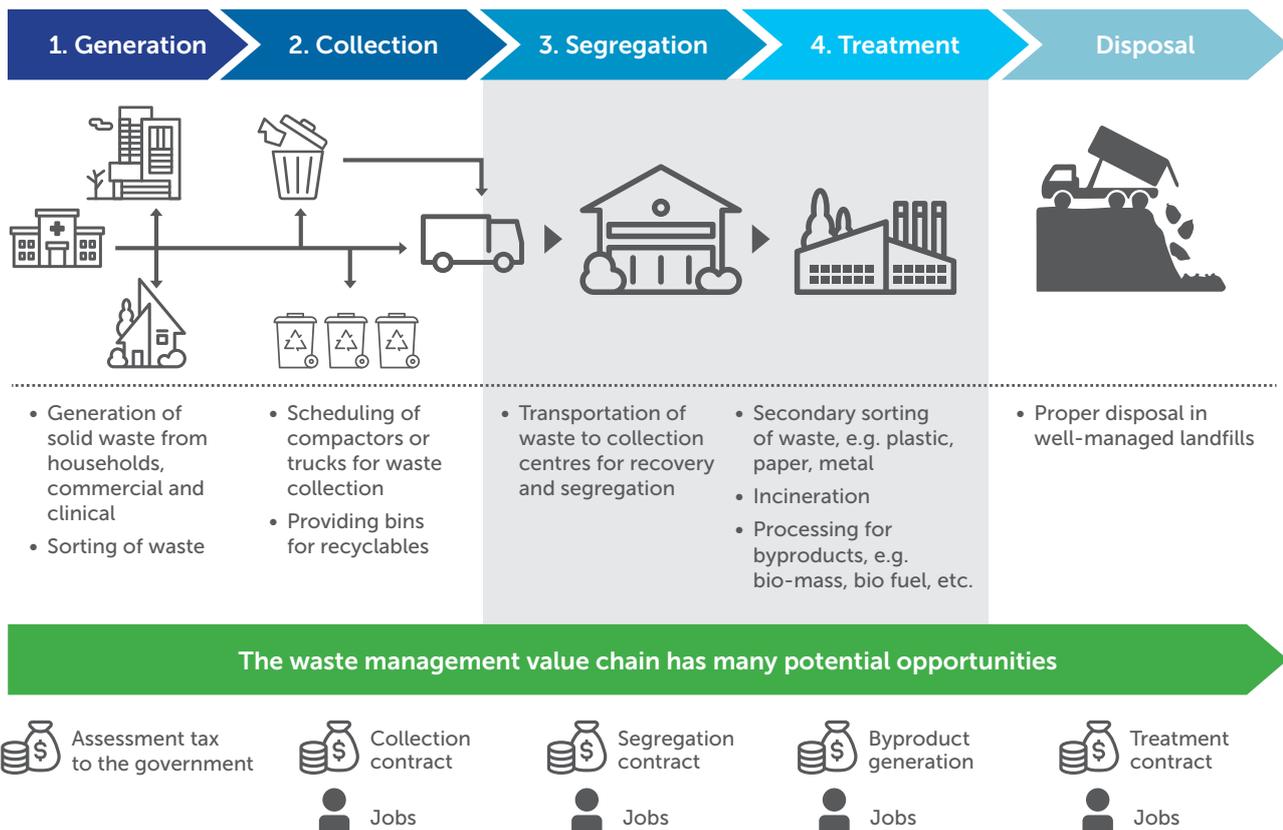
Overview

Lesotho generates an estimated 300,000 tonnes of solid waste annually, including household waste, industrial waste and clinical waste. However, currently solid waste is not managed properly, as local councils collect and transport waste to the dumpsite. Meanwhile, toxic wastewater from industrial areas, especially from textile factories, is a threat to bodies of water and the ecosystem if it is discharged without any treatment.

Unsustainable waste management practices can negatively impact public health. The uncontrolled burning of waste creates organic pollutant emissions. Meanwhile, accumulated waste that blocks drains encourages vectors to breed, resulting in the spread of diseases. Uncontrolled dumpsites can result in diseases in neighbouring settlements. Dumpsites on land can also pollute both surface and underground water sources.

Hence, a comprehensive solid waste management system is needed to ensure a sustainable environment. This consists of a proper value chain starting from the collection, segregation, treatment and finally to the disposal of waste. The creation of a sustainable waste management system has the potential to be a lucrative industry in Lesotho, while creating jobs and generating tax revenue for the government.

Sustainable Waste Management Value Chain



Source : MoF Budget Department, PEMANDU Associates Analysis, NBOS 2017, Investor Business Proposal

Project 19: Textile Wastewater Treatment Plant

Lesotho currently lacks proper treatment of wastewater from textile factories. The wastewater is disposed of at rivers, causing pollution. Cumulatively, Lesotho's textile manufacturers dispose of 20.4 million litres of textile wastewater daily. Thus, there is a clear need for a wastewater treatment solution to support the industry's needs.

Spearheaded by Mop Tech Industries Pty. Ltd. (Mop Tech), a textile wastewater treatment plant will be built to provide premium wastewater treatment services for the textile industry. In its first phase, the treatment plant aims to process 2.0 mil litres of wastewater per day, which is 10% of the daily wastewater generated from the textile industry.

The project will also include a textile washing facility as well as a laboratory for water and soil analysis. The laboratory will provide competitive and fast sample testing and analysis for external clients, while ensuring that the processed industrial effluents meet the requisite environmental protection standards. The treated clean water will then be supplied to textile factories as well as the internal textile washing facility, providing a sustainable cycle of water utilisation in the industry.

Implementation for this project is expected to be completed by July 2021.

Project Owner	<ul style="list-style-type: none"> • Mop Tech Industries Pty. Ltd.
Stakeholders	<ul style="list-style-type: none"> • Ministry of Water • Water and Sewerage Company • Lesotho National Development Corporation

Project 20: Solid Waste Processing Plant

Lesotho's current solid waste management system does not include the proper disposal, sanitation and processing of waste. Recognising these issues, Prime Enviro Energy aims to change the entire landscape of the waste management industry in Lesotho by introducing end-to-end sustainable waste management services and treatment operations.

Prime Enviro Energy plans to construct a solid waste processing plant with an annual capacity of 130,000 tonnes. The plant will use thermal technology to convert municipal, commercial, industrial, clinical, and domestic waste into high-value products including biodiesel, domestic gas, methanol, syngas, charcoal, carbon dioxide (for greenhouse heating systems) and effluents (for fertiliser).

Recyclable products, which include ferrous and non-ferrous metals, electronic waste, glass and motor lubricants, will be processed for domestic consumption and export to South Africa. The recyclable operations are estimated to be worth about M150 million per annum.

Implementation for this project is expected to be completed by March 2022.

Project Owner	<ul style="list-style-type: none"> • Prime Enviro Energy
Stakeholders	<ul style="list-style-type: none"> • Ministry of Local Government • Maseru City Council • Department of Environment • Lesotho National Development Corporation

E. Special Projects

Overview of Special Economic Zones (SEZ)

As Lesotho becomes increasingly industrialised, there is a need to attract high technology, capital-intensive investments. For this purpose, many emerging economies have used Special Economic Zones (SEZ) to great effect.

An SEZ is a gazetted zone for economic activities where its occupants enjoy special benefits such as trade incentives and trade facilitation that are distinct from other industrial areas. SEZs are planned, designed and developed by private investors using the “build-operate-transfer” (BOT) model. In turn, the government provides support in the development of basic infrastructure and offers tax and non-tax incentives as well as other facilitating measures.

SEZs are aimed at drawing FDI for export-oriented industries, which could generate employment opportunities for the country. SEZs may also attract multinational companies (MNCs) in high technology industries which will encourage technology transfer, as well as the gradual development of competencies in the managerial and technical fields for Basotho.

The presence of MNCs will also encourage the development of backward linkages to local supporting industries through vendor partnership programmes. This will help to diversify Lesotho’s economy away from the low-wage, low-skill industries.

Special Project 1: King Moshoeshoe I International Airport Special Economic Zone (SEZ)

The King Moshoeshoe I International Airport SEZ is a private investment project on 100 ha of land in Maseru, within the Moshoeshoe Airport Redevelopment Area.

The SEZ will include industrial, commercial, warehousing and inventory management areas, as well as customs services for a one-stop export clearance for manufacturers.

Its industrial areas prioritise five sub-industries:

- High-tech industries
- High-value perishable agro-processing
- Aviation support services (e.g. linens, laundry plants and catering services)
- Maintenance, Repair & Overhaul (MRO) services
- Training centres

Meanwhile, the commercial zones will house investors and enterprises that undertake activities such as bulk breaking and grading, repacking, re-labelling and other ancillary activities geared for the export market.

The SEZ will be developed using the BOT model and thereafter operated by concessionaires. The 100 ha area is expected to house approximately 35 companies, each with a 2 ha plot, with the remainder being utilised for customs and administrative operations, as well as licensed manufacturing warehouse players.

The value proposition for this SEZ includes its single clearance customs processing and the SEZ incentives to attract capital-intensive investments. All industrial and commercial activities in the SEZ will be governed by the Free Zones Act and Free Zones Regulations outlined by the Ministry of Finance and the Ministry of Trade and Industry.

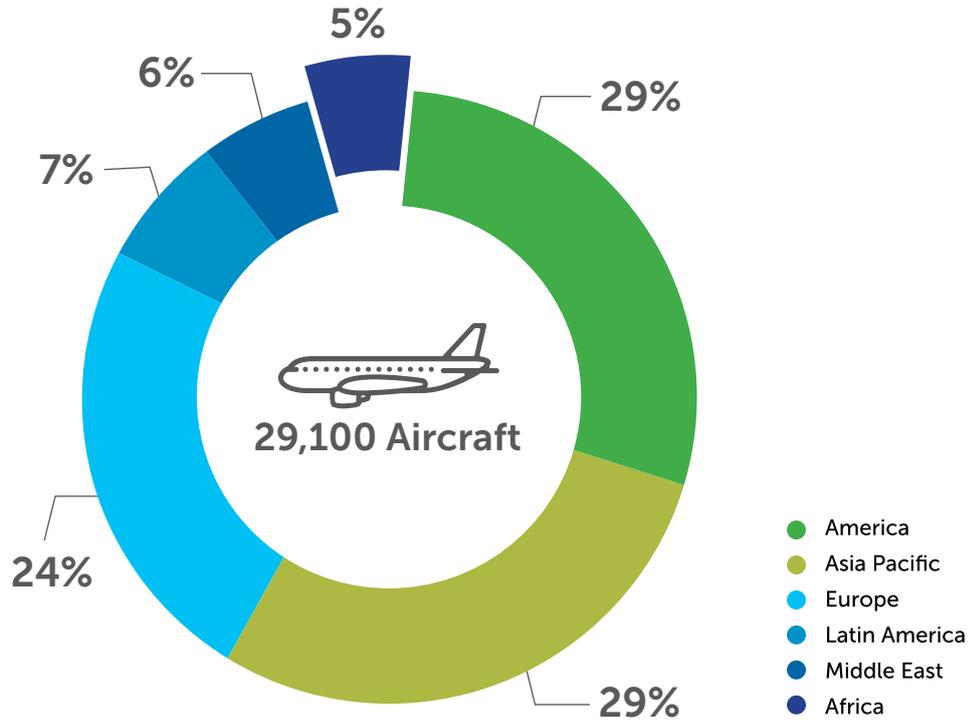
Implementation for this project is expected to be completed by December 2023.

Project Owner	<ul style="list-style-type: none"> • MCI-IX Engineer
Stakeholders	<ul style="list-style-type: none"> • Ministry of Public Works and Transport • Ministry of Trade and Industry • Lesotho National Development Corporation • Ministry of Finance • Ministry of Development Planning

Overview of Maintenance, Repair & Overhaul (MRO) Services

Global Commercial Air Transport Fleet (By Global Region)

% Percentage

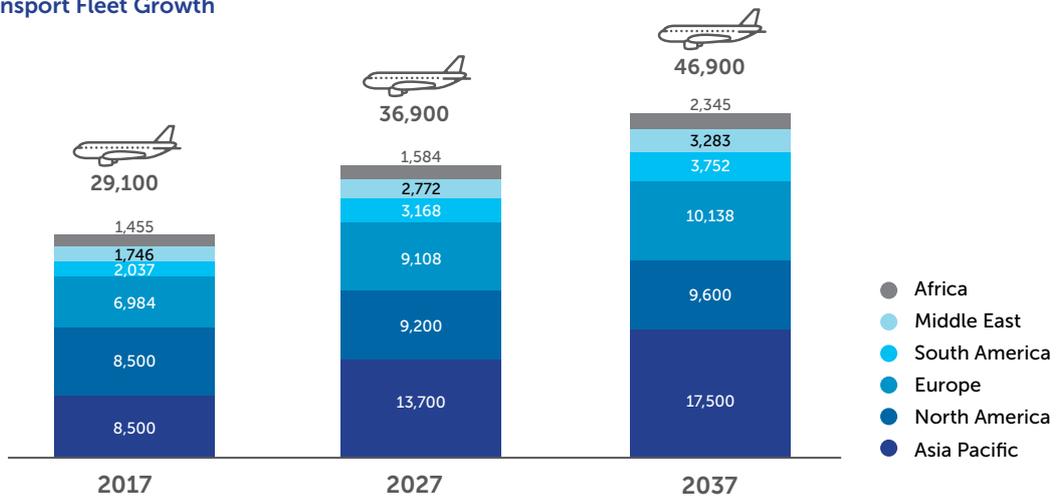


Source : CAPA 2017

Despite its massive 1.21 billion population, African aircraft only account for 5% or 1,455 units of the 29,100 commercial air transport aircraft in the world. This would indicate one aircraft for every 830,000 Africans; this is far behind the 1:43,000 ratio in the US. Hence, the potential for growth of commercial aircraft in Africa is immense.

20 Years Global Air Transport Fleet Growth

Number of Aircraft

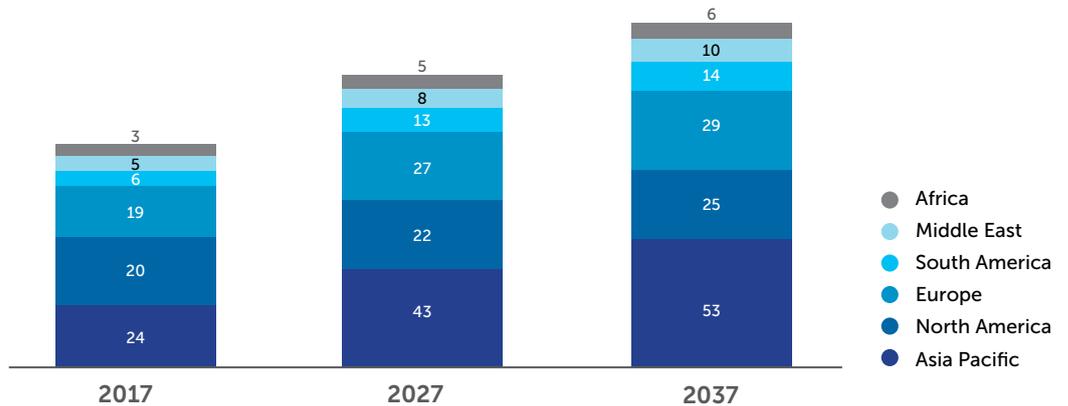


Source : CAPA 2017

The combination of strong air travel demand and the need to replace aging aircraft will drive fleet growth at a healthy 3.1% per annum. With the expansion of fleets in the commercial aviation industry, the market for MRO services that supports it is also expected to grow. Aside from fleet expansion, MRO expenditure will also be driven by expensive maintenance visits and technology enhancements.

Global Commercial Air Transport MRO Demand

USD bil



Source : CAPA 2017

The MRO market in Africa is expected to grow by 6.1% per annum, compared to global growth at 4.6% per annum. More than 1,000 jet aircraft will be delivered to the continent in the next 15 years. This signifies Africa’s potential to be one of the fastest-growing regions in the aviation industry and become an important hub for MRO services over the next 20 years.

Special Project 2: King Moshoeshoe I International Airport MRO

The King Moshoeshoe I International Airport MRO will be a private investment project offering category A, B and C maintenance services for narrow body aircraft, private jets, turboprop aircraft and small planes.

The proposed facility will be on a 10 ha plot within the reserved King Moshoeshoe I International Airport development area. The facility will be able to maintain commercial aircraft and small aircraft, accommodating two narrow body jetliners and three small aircraft at a single time. To start, the MRO facility would focus on category A and B maintenance services. Major workshops, storage facilities and other administration facilities will be developed within the vicinity.

The facility targets airliners from the nearby SACU and sub-Saharan countries, leveraging on Lesotho’s geographic proximity to these operators.

Implementation for this project is expected to be completed by December 2022.

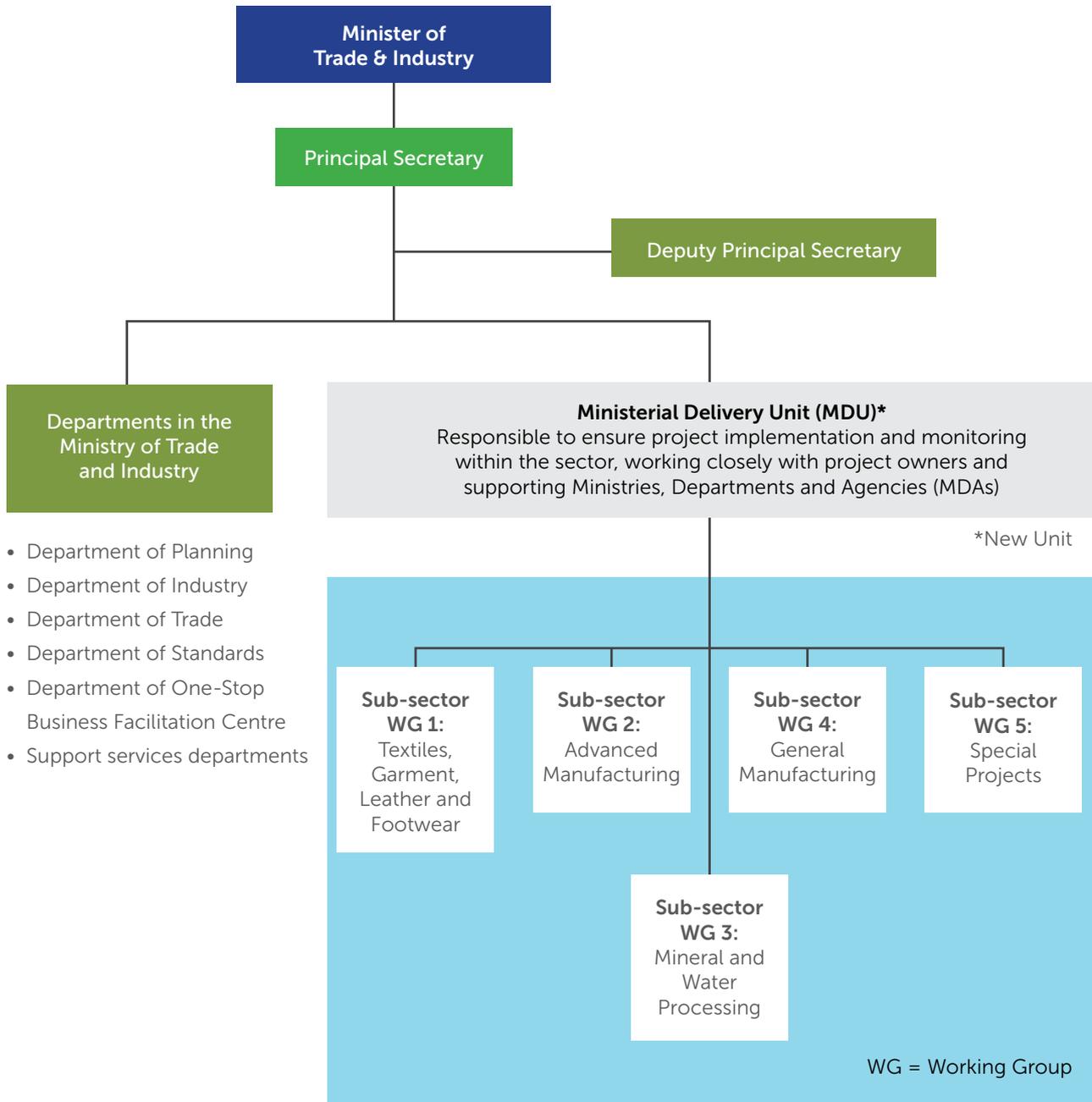
Project Owners	<ul style="list-style-type: none"> • MCI-IX Engineers • Operation Concessionaire
Stakeholders	<ul style="list-style-type: none"> • Ministry of Public Works and Transport • Ministry of Trade and Industry • Department of Civil Aviation • Commissioner of Land

Governance

To drive the implementation, a Ministerial Delivery Unit (MDU) will be established under the Ministry of Trade and Industry (MTI), supported by five sub-sector Working Groups.

Overall Governance Structure

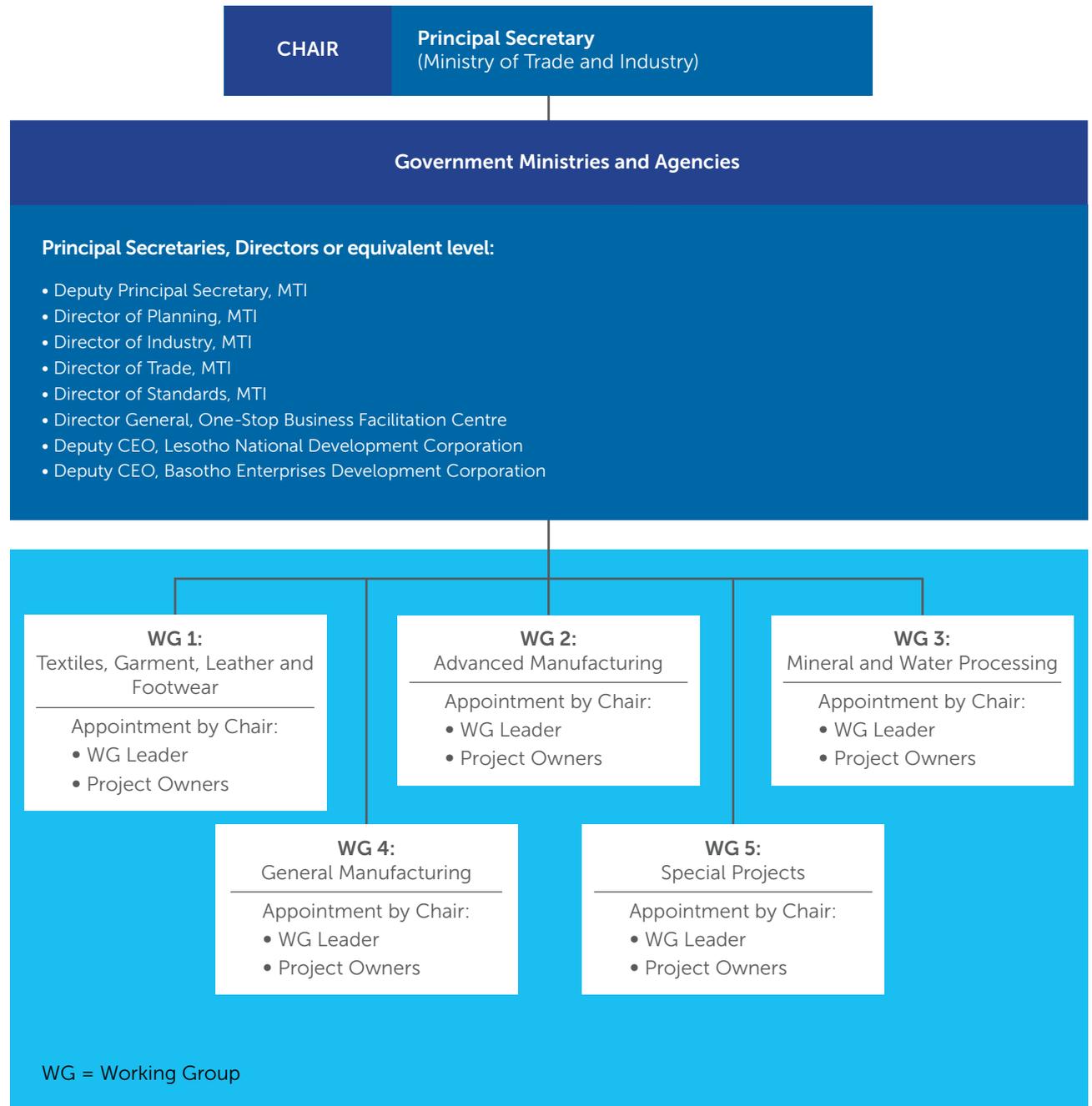
PROPOSED STRUCTURE



The proposed performance monitoring and problem-solving structure within the Manufacturing sector will ensure that the project owners will implement their respective projects according to the set timelines and KPIs. They must report their progress to the MDU.

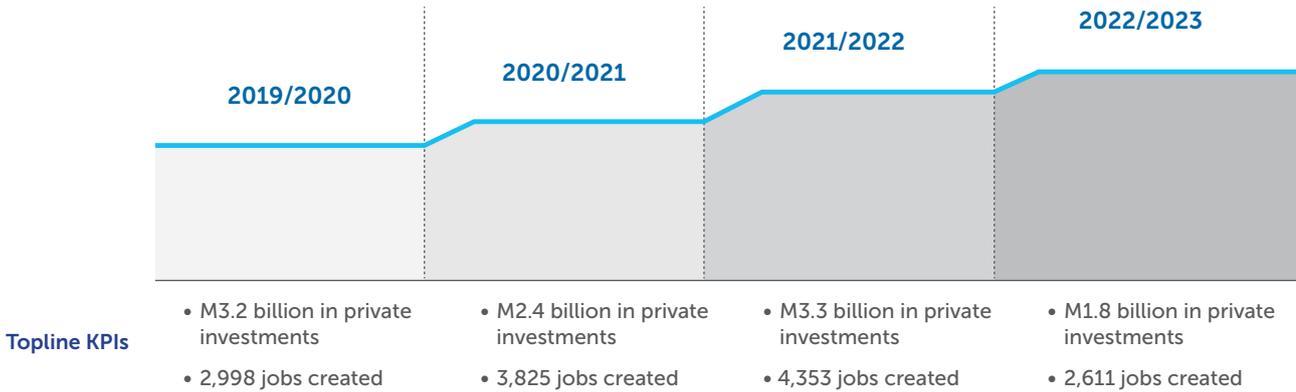
Ministerial Delivery Unit (MDU) Structure

PROPOSED STRUCTURE



Measuring Transformation

Clear KPIs have been established to monitor the performance of each project and to ensure accountability right up to 2023. These contribute to the overall topline KPIs for the sector.

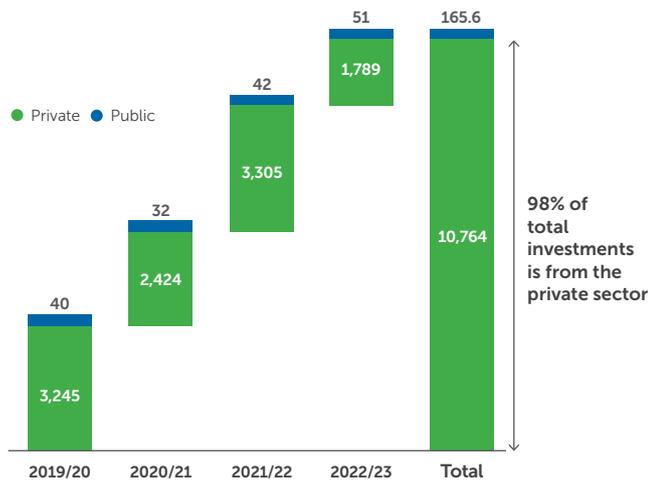


Manufacturing Sector Impact

Overall, the Manufacturing sector is expected to realise an additional M10.8 billion in private investments and create 13,787 direct jobs by 2022/2023.

Total Private Investments

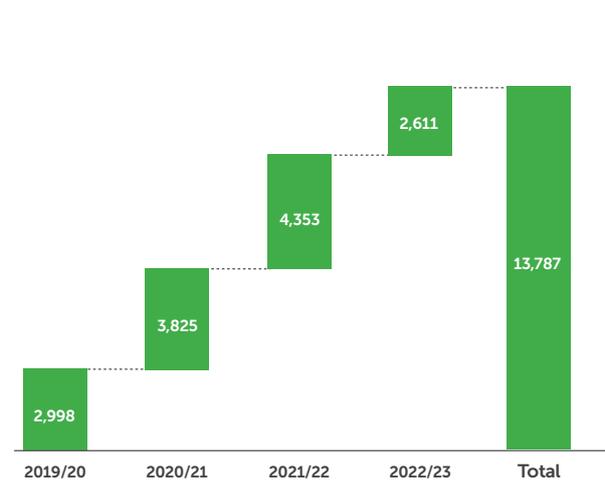
M mil



Public Investments required from 2018/2019 to 2022/2023 is M165.6 mil

Direct Jobs

Number



Note : 2% of public investments is in the form of government commitments to mitigate investment risk and lower interest rate subsidy for project financing

Note : Indirect jobs consist of short-term employment during construction and commissioning period. Total indirect jobs created from 2018/2019 to 2022/2023 is 3,962.



Technology and Innovation Sector



Part 3: Sector Outcomes

TECHNOLOGY AND INNOVATION SECTOR

Overview

The Technology and Innovation sector is one of the four main economic sectors highlighted in the National Strategic Development Plan (NSDP) II (2018/2019-2022/2023).

The sector contributed 4.9% or M1.2 billion to Lesotho’s GDP in 2016. Sectoral growth has been improving at a CAGR of 14.1% from 2007 to 2016, with overall GDP contribution increasing from 2.2% to 4.9% over the same period.

The Technology and Innovation sector has three main sub-sectors:

1. Telecommunications
2. IT and other Information Services activities (Technology)
3. Publishing and Broadcasting activities (Information and Content)

Telecommunications

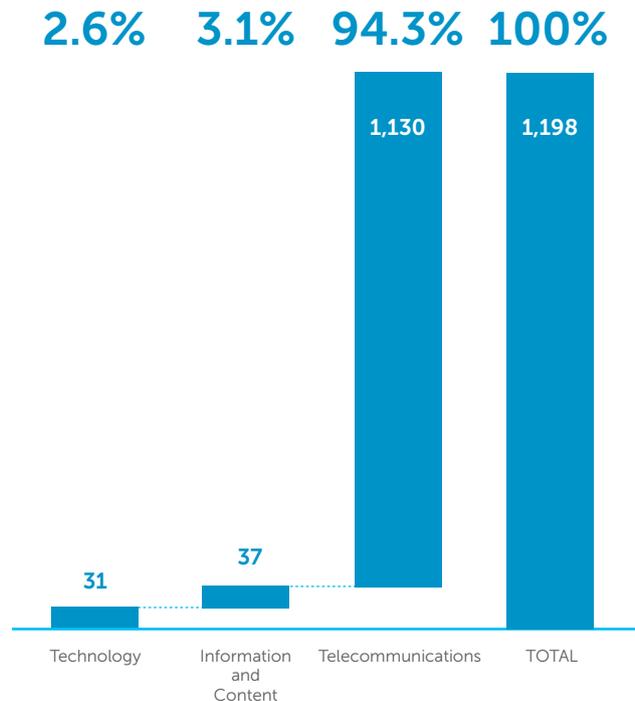
The Telecommunications sub-sector contributed the largest share of the Technology and Innovation sector at 94.3% or M1.13 billion to Lesotho’s economy in 2016.

The importance of the Telecommunications sub-sector to the Technology and Innovation sector is also mirrored in its impact on the sector’s year-on-year growth.

The Telecommunications sub-sector grew significantly with a CAGR of 14.1% from 2007 to 2016 compared to the other two sub-sectors even though it started to taper off in 2017. From the year 2007 to 2017, the Technology sub-sector experienced a nominal CAGR of 3.2% while the Information & Content sub-sector saw a CAGR of -1.9%.

The Technology and Innovation sector’s dependence on Telecommunications activities for both sectoral revenue and growth point to a need to spur additional sources of revenue across the Technology and Information & Content sub-sectors, while ensuring Telecommunications services grow in tandem to support the other two.

Lesotho Technology and Innovation Breakdown, 2016
M mil



Source : Lesotho Bureau of Statistics, Central Bank of Lesotho

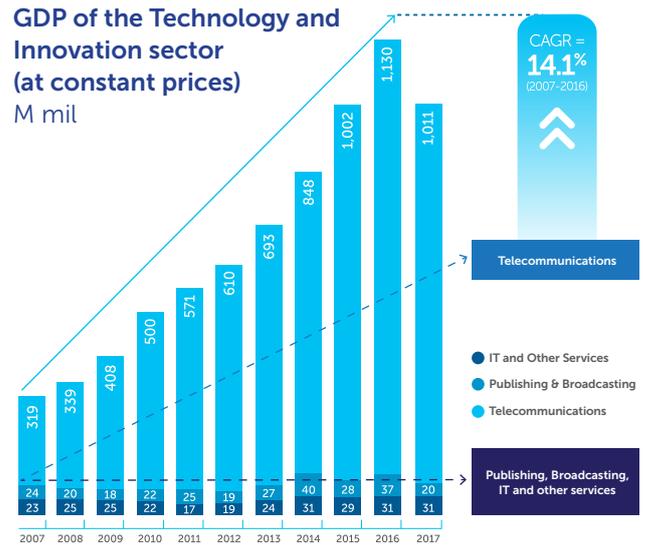
In Lesotho, mobile coverage has grown to 96% of the country’s total area, and there are two major telecommunications players that are currently offering mobile and internet services.

Vodacom Lesotho (VCL) has 1.4 million subscribers and owns 77% of the market share whereas Econet Telecom Lesotho (ETL) has 488K subscribers, holding 23% of the market share. VCL started in 1996 as a merger between Vodacom group and Sekha-Metsi, while ETL, a merger between Telecom Lesotho and Econet Ezi~Cel Lesotho, was established in April 2008.

Lesotho’s mobile phone account subscription increased rapidly from 2009 to 2014 with a CAGR of 26.5%. During this period, both VCL and ETL more than tripled their subscriber base. However, the growth rate from 2014 to 2017 began to slow down, with a CAGR of 3.6%, reaching 2.3 million growth.

Mobile account subscriptions may be reaching its saturation point which means that telecommunications companies will be looking at the provision of internet and broadband content, as well as other mobile services such as mobile money, to propel further growth.

Despite the saturation, the percentage of mobile subscribers per 100 people is only at 70.9%, placing Lesotho 9th amongst South African Development Community (SADC) countries and the lowest in the South African Customs Union (SACU) region. The Lesotho Communications Authority (LCA) found that while mobile phone ownership stands at 78.7%, only 35% of them are smartphone users, and the low take-up is attributed to high service prices due to the duopoly of the two telecommunications companies, and government levies (3.5% annual royalty to LCA and 1% for Universal Service Fund).



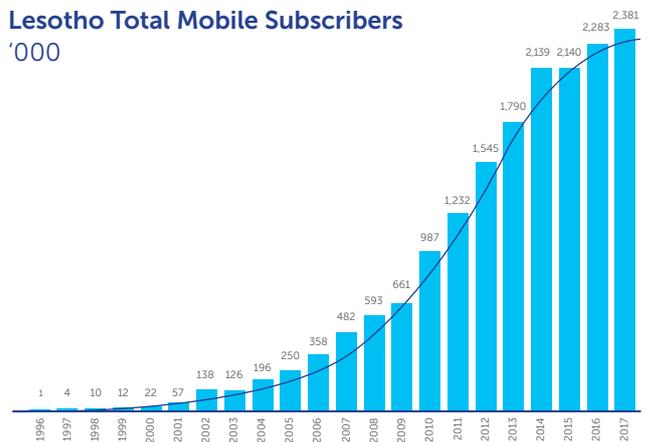
Source : Lesotho Bureau of Statistics



Vodacom Lesotho



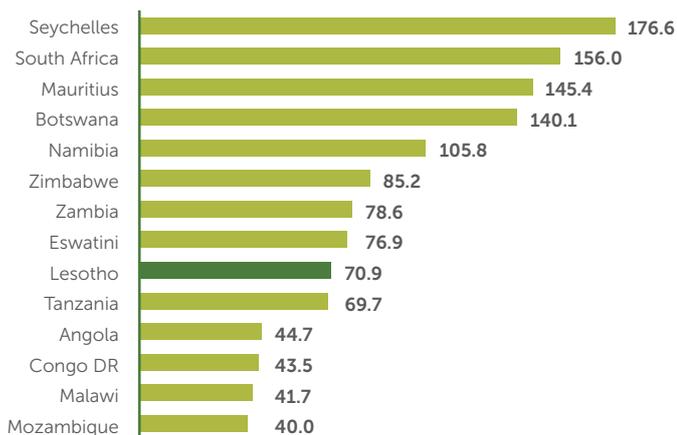
Lesotho Total Mobile Subscribers '000



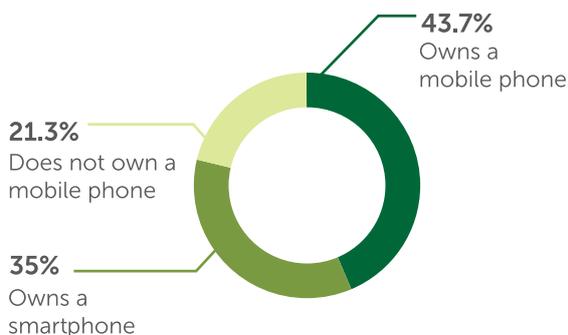
	Subscribers ('000)			Market Share (%)		
	2008	2012	2016	2008	2012	2016
Econet	111	126	448	18%	19%	24%
Vodacom	489	544	1,449	82%	81%	76%

Source : LRA Annual Report 2016/2017, World Bank Country Data

Mobile Subscribers per 100 population (ITU 2018) % Percentage



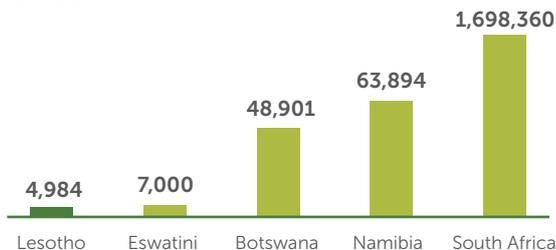
Lesotho Mobile Phone Ownership by Individuals (LCA 2017) % Percentage



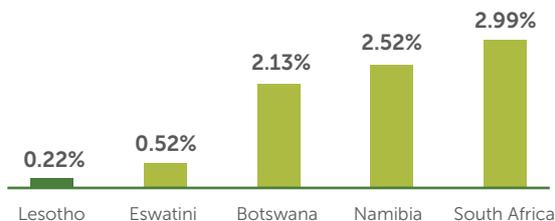
Source : ITU Profile by Country 2018; 2017 The State of ICT in Lesotho

A World Bank report also showed that the fixed broadband penetration rate in Lesotho is well below the African average, and is the lowest in Southern Africa. This is due to the high cost of broadband connectivity and limited suppliers. In the Maseru Central Business District, for instance, ETL has been given exclusive access to underground ducting by the city council.

Number of Fixed Broadband Subscription, 2017 # Numbers



Fixed Broadband Penetration (per 100 subscribers) % Percentage



Source : World Bank Data

Knowledge and use of the internet are still low amongst Basotho especially in the rural areas. Survey shows that less than 33% of the population use the internet, of which most users are concentrated in the urban and semi-urban areas, revealing a large digital divide with the rural population.

This is due to:

- Basotho do not know how to use the Internet because access to formal digital training is mainly provided at the university level
- Cost of equipment and Internet service is too high
- Do not see the need for internet
- Internet not available in their area

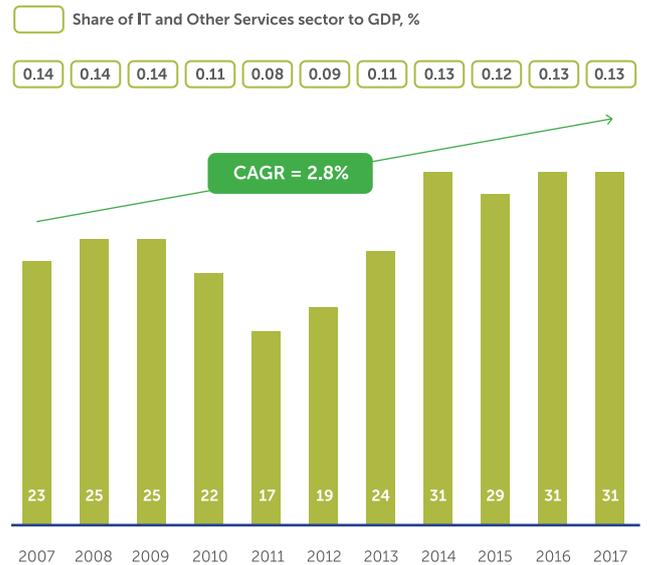
Technology

The Technology sub-sector contributes just 0.13% of Lesotho’s GDP, indicating that the majority of the players in Lesotho are Micro, Small, and Medium Enterprises (MSMEs).

Growth from 2007 to 2017 was marginal at around 2.8% CAGR, with the most rapid growth occurring from 2011 to 2014 at 21.7% CAGR. However, from 2014 to 2017, the sub-sector’s contribution to GDP has remained flat at around 0.13%. This corresponds with the government’s expenditure, demonstrating that the industry players are mainly dependent on government business.

The statistics from the One-Stop Business Facilitation Centre (OBFC) show that ICT companies employ just three employees on average. As of April 2019, there are 201 active ICT companies currently operating in Lesotho, the majority of which are Micro-SMEs managed by a single individual. The largest company in the active list employs around 36 employees.

GDP IT and Other Services (at constant prices) M mil

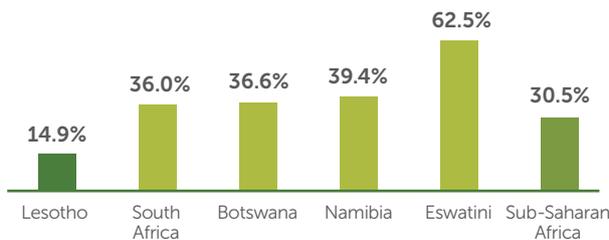


Source : Lesotho Bureau of Statistics

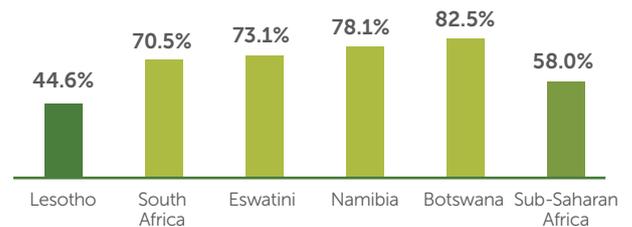
World Bank found that there is a lack of digital skills and opportunities for entrepreneurs in Lesotho, most of which do not have access to digital training, as courses in ICT-related fields in university are limited.

Moreover, amongst SACU countries, Lesotho has the lowest number of companies making use of digital technology.

Percentage of Firms Having Their Own Website % Percentage



Percentage of Firms Using E-Mail to Interact with Clients/Suppliers % Percentage



Source : World Bank Enterprises Survey

Publishing and Broadcasting (Information and Content)

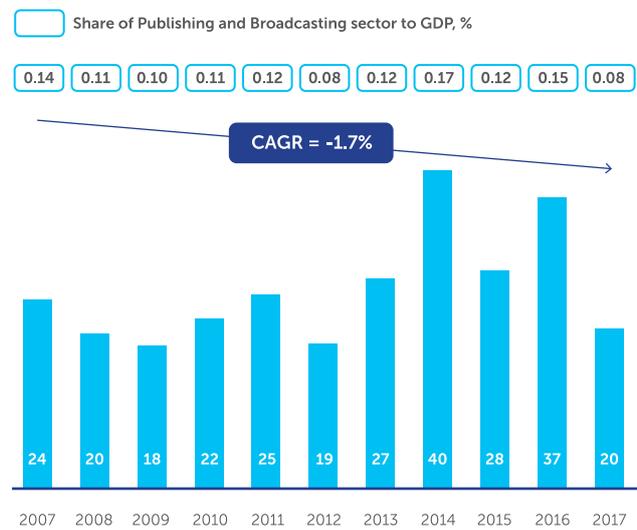
The Publishing and Broadcasting sub-sector recorded a decline of -1.7% CAGR from 2007 to 2017. This decline is a cause for concern.

Globally, the Publishing and Broadcasting industry is also on the decline as digital technologies in the form of disaggregated content and streaming services disrupt the way audiences consume content. At the same time, this represents an opportunity for the industry to pivot towards such disruptive technologies.

With low internet penetration in Lesotho, at about 32.5% of the population, the non-growth in this sector is evident, particularly in the creative arts sub-sector. This is most likely caused by the fact that Basotho talent and content developers look towards South Africa for work or to sell their work there.

Lesotho National Broadcasting Service (LNBS) being the sole content purchaser suffers from declining budgets. Although the Ministry of Tourism, Environment and Culture (MTEC) is mandated to develop the creative arts industry, it offers no incentives in the form of grants and tax breaks or waivers for equipment.

GDP Publishing and Broadcasting (at constant prices) M mil



Source : Lesotho Bureau of Statistics, Investment forms, Qualitative Input, Lab Discussions, Lab Analysis

	 LESOTHO	 SOUTH AFRICA
1. GDP of TV and Film Industry	M20 mil 0.08% of GDP	R5,484 mil 0.12% of GDP
2. Employment	<600	21,656 (2013/14: 16,615)
3. Number of TV Networks	1 (Lesotho National Broadcasting Service)	18 (Including Satellite Broadcasters)
4. Number of TV Channels	1	>30
5. International Films/ Blockbuster	<ul style="list-style-type: none"> • The Forgotten Kingdom (2014) 	<ul style="list-style-type: none"> • The Avengers : Age of Ultron • Maze Runner: Death Cure • The Dark Tower • Tomb Raider • District 9 • Chappi • Dredd • Safe House
	NOT EXHAUSTIVE	NOT EXHAUSTIVE

Note : M1 = R1; South Africa data as of 2016/17; Employment refers to direct jobs; Lesotho employment figures are estimates
Source : Bureau of Statistics; Economic Impact of the Southern African Film Industry Report 2017

Currently, Lesotho's neighbour, South Africa, is one of the top 10 global destinations for filmmaking, offering a 20% tax reduction on production expenses, with potential for higher breaks if post-production takes place locally, or if there are co-productions with local companies.

While South Africa's economy is much larger, Lesotho's potential to complement their neighbour should be fully exploited. With the right set of priorities and an identified niche, the Lesotho movie industry, or Lollywood, can be a brand exported to Sub-Saharan Africa.

The real value of having a dynamic and resilient content creation industry is in the export opportunity of locally-produced content and obtaining of foreign production companies to shoot and produce content in Lesotho for export. With the right set of incentives, facilities, and a trained local workforce, there is opportunity for Lesotho to position itself as a choice destination complementing South Africa as a cost-efficient location for production and post-production activities.

Case for Change

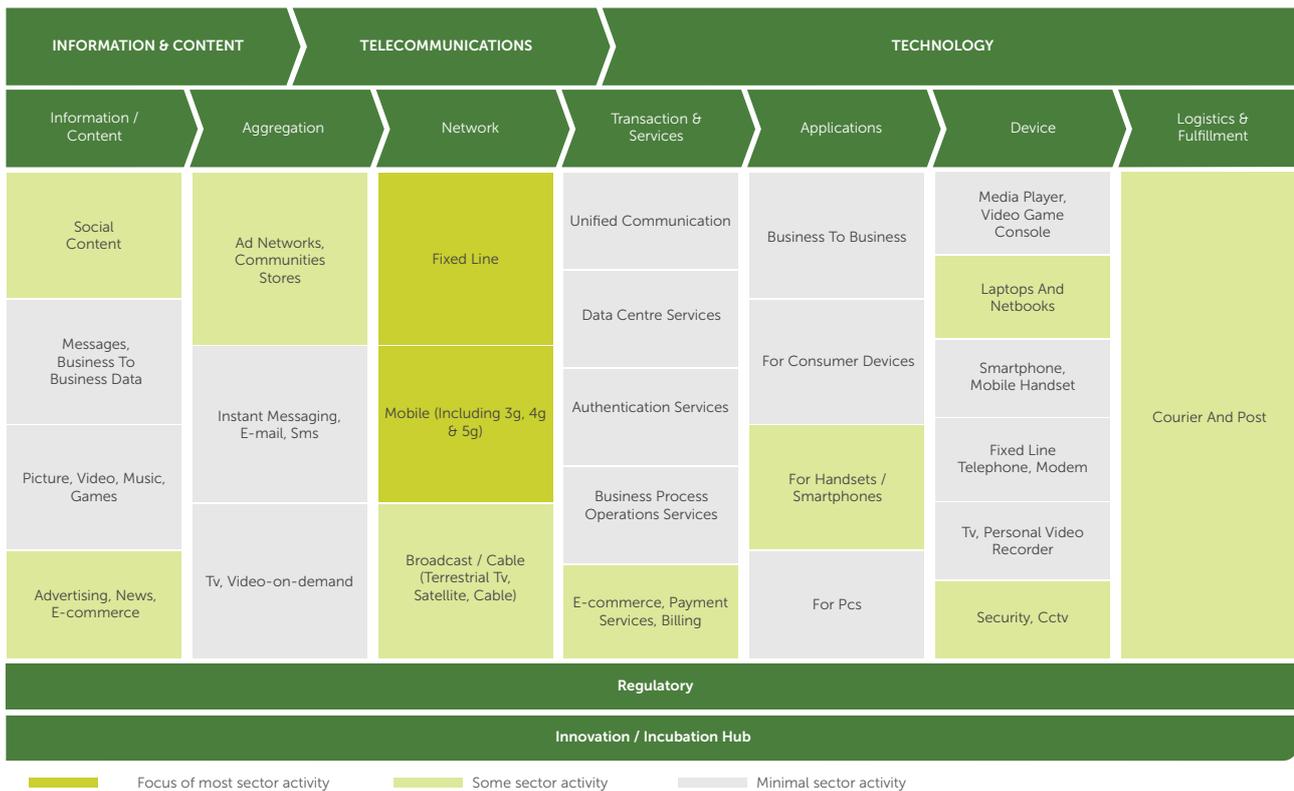
Opportunities

The Technology and Innovation sector has shown huge potential to contribute to the economies of SADC countries. Various studies have shown that there is a positive correlation between Information and Communications Technology (ICT) infrastructure development and all three dimensions of human development: standard of living (GDP per capita), education (literacy), and health (life expectancy).

In 2001, SADC passed its Declaration on Information and Communication Technologies, which sets out broad policies for the region on this sector. In order to establish the affordable, always-on connectivity that SADC envisions for the region, the SADC Regional Infrastructure Development Master Plan promotes development in four strategic pillars:

- Infrastructure
- Capacity Building and Content
- E-services and Applications
- Research, Innovation, and Industry development

However, Lesotho firms play limited roles and participate in limited business activities across the Technology and Innovation value chain, highlighting the need for diversification within the three sub-sectors themselves.



Source : Lab Analysis

Cognisant of this fact, the Government of Lesotho via the NSDP II frameworks has identified three priority areas in the Technology and Innovation sector, which represent opportunities for both foreign and local investors:

Priority Area	Summary
Strengthening research for policymaking and product development	<ul style="list-style-type: none"> • Enhancing the institutional capacity for research. • Enhancing collaboration between institutions of higher learning, industry, and government with regards to learning and research.
Functioning Incubation Centres and Industrial Parks	<ul style="list-style-type: none"> • Establishing national incubation centres and industrial parks. • Establishing cottage industries and supporting locally-developed products. • Strengthening the legal and institutional frameworks for innovation.
Improve use of ICT	<ul style="list-style-type: none"> • Improving the capabilities for ICT use.

Challenges

Despite the large growth of the Telecommunications sub-sector, the costs of voice calls and SMS in Lesotho is the 7th most expensive amongst SACU and SADC countries. This has been attributed to lack of competition amongst service providers, relatively high interconnection rates and government levies that get passed on to consumers.

Additionally, although data costs in the country have dropped by 45% since 2011, Lesotho is still the 8th most expensive among SACU and SADC in this regard – again, due to lack of competition and government levies that are passed on to consumers.

Lesotho is the 7th Most Expensive among SACU and SADC Countries for Voice Calls and SMS

Average Cost Voice/SMS basket*	Q2, 2011 USD	Q2, 2017 USD	Reduction %
Angola	19.05	19.29	1%
Seychelles	17.86	13.76	23%
Eswatini	NA	12.42	NA
Comoros	NA	10.09	NA
Zimbabwe	19.94	8.95	55%
D.R. Congo	13.69	8.80	36%
Lesotho	21.35	8.57	60%
Mozambique	15.89	7.91	50%
Zambia	15.11	7.64	49%
Botswana	13.09	6.25	52%
Malawi	17.50	5.69	67%
Madagascar	5.99	4.86	19%
Namibia	14.77	4.64	69%
South Africa	16.46	3.88	76%
Mauritius	4.69	3.23	31%
Tanzania	5.71	2.34	59%

Note : Average cost based on 30 Calls/100 SMS
Source : Research ICT Africa

Lesotho is the 8th Most Expensive among SACU and SADC Countries in terms of Data Costs

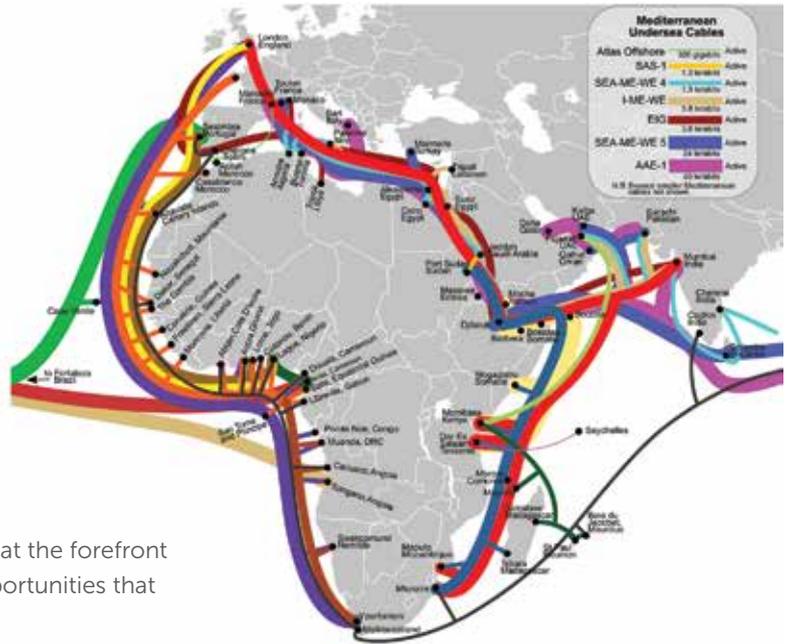
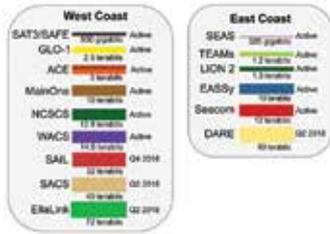
Average Cost 1GB basket	Q3, 2015 USD	Q2, 2017 USD	Reduction %
Eswatini	35.10	35.26	(0%)
Zimbabwe	30.00	30.00	0%
Angola	9.89	22.72	(130%)
Seychelles	NA	18.09	NA
D.R. Congo	13.00	13.00	(0%)
Botswana	18.79	12.60	33%
Comoros	NA	11.14	NA
Lesotho	16.98	9.30	45%
Zambia	13.59	8.71	36%
South Africa	6.97	7.67	(10%)
Malawi	6.93	6.67	4%
Namibia	6.33	6.35	(0%)
Mauritius	8.04	5.37	33%
Madagascar	6.99	4.86	30%
Mozambique	4.03	2.71	33%
Tanzania	5.98	2.27	62%

Source : Research ICT Africa

In terms of connectivity, there is plenty of undersea cable connectivity to South Africa which enables Lesotho to tap into and gain from the available high capacity, as well as low cost of data.

However, the Government of Lesotho’s ownership via the West Indian Ocean Cable Company (WIOCC) owns a stake in Eastern Africa Submarine Cable System (EASSy). This is seen as a conflict of interest as it is owned by the Lesotho Communications Authority and this undermines its role as a regulator. Network failure is also high due to the lack of local cable management.

Undersea Cables linking Africa as at July 2017

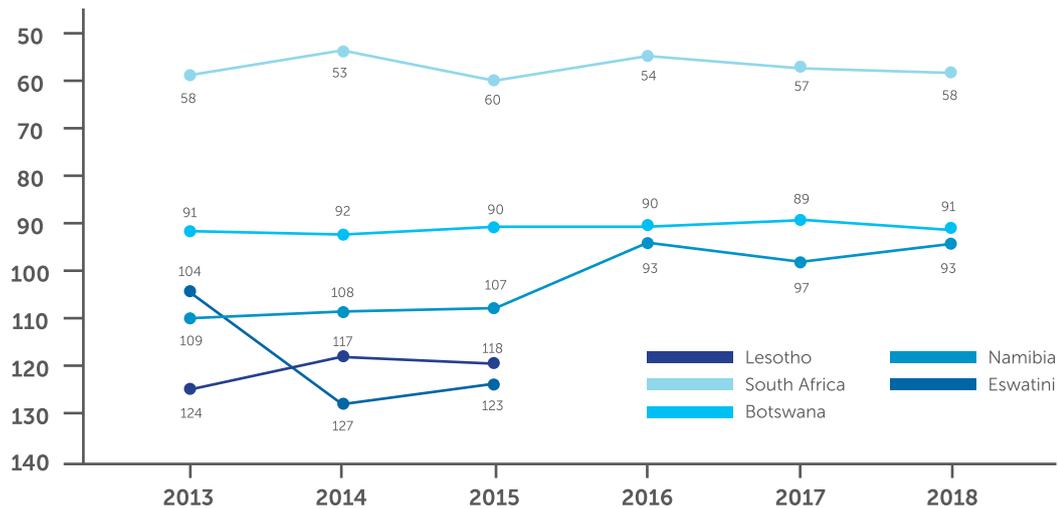


Source : African Undersea Cables Research

Innovation is key for economies looking to be at the forefront of knowledge. To this end, there are many opportunities that Lesotho can leverage on.

However, Lesotho’s ranking in the Global Innovation Index (GII) has not been encouraging - ranked 118th in 2015, and not ranked at all in 2016, 2017, and 2018. This is a cause for concern especially considering Namibia has been able to break the 100th position within the same period, closing ranks with Botswana.

Global Innovation Index amongst SACU countries World Ranking



Source : The Global Innovation Index 2018 Report

The digital economy and the Fourth Industrial Revolution (IR4.0) are potential focus areas for Lesotho to leapfrog its rate of innovation and technology use and adoption. This would enable Lesotho to generate increased employment and promote inclusive growth.

The Global Competitiveness Index shows that Lesotho’s Innovation Capability and Technological Readiness scores are lagging behind its SACU peers.

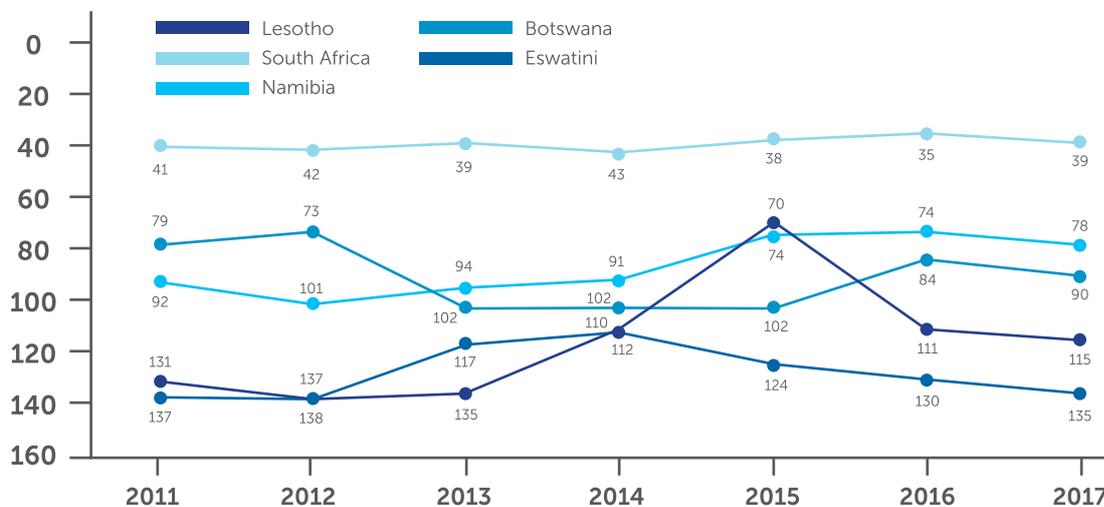
The Innovation Capability

The Innovation Capability index is a composite measure of factors categorised under Business Sophistication and R&D Innovation.

Innovation Capability	
Business Sophistication	R&D Innovation
<p>Factors Considered:</p> <ul style="list-style-type: none"> Quantity and quality of local suppliers The state of cluster development Nature of competitive advantage Value chain breadth Control of international distribution Sophistication of production process Extent of marketing Willingness to delegate authority Reliance on professional management 	<p>Factors Considered:</p> <ul style="list-style-type: none"> Capacity for innovation Quality of scientific research institutions Company spending on R&D University-Industry collaboration in R&D Government procurement of advanced technology products Availability of scientists and engineers PCT (Patent Cooperation Treaty) applications Intellectual property protection

Lesotho had recorded large ranking improvements from rank 135 in 2013 to rank 110 in 2014, with its highest rank being 70 in 2015. This is possibly due to the launch of several incubation hubs, particularly from the National University of Lesotho (NUL). In the following two years, however, Lesotho dropped 41 places to 115.

Innovation Capability of SACU countries World Ranking



Source : WEF Global Competitiveness Report 2017-2018

Technological Readiness Index

The Technological Readiness Index measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries, with specific emphasis on its capacity to fully leverage ICT in daily activities and production processes for increased efficiency and enabling innovation for competitiveness.

This index does not consider whether the technology used has been developed within national borders. Firms operating in the country need to have access to advanced products and blueprints, and the ability to absorb and use them. Among the main sources of foreign technology, foreign direct investment (FDI) often plays a key role, especially for countries at a less advanced stage of technological development.

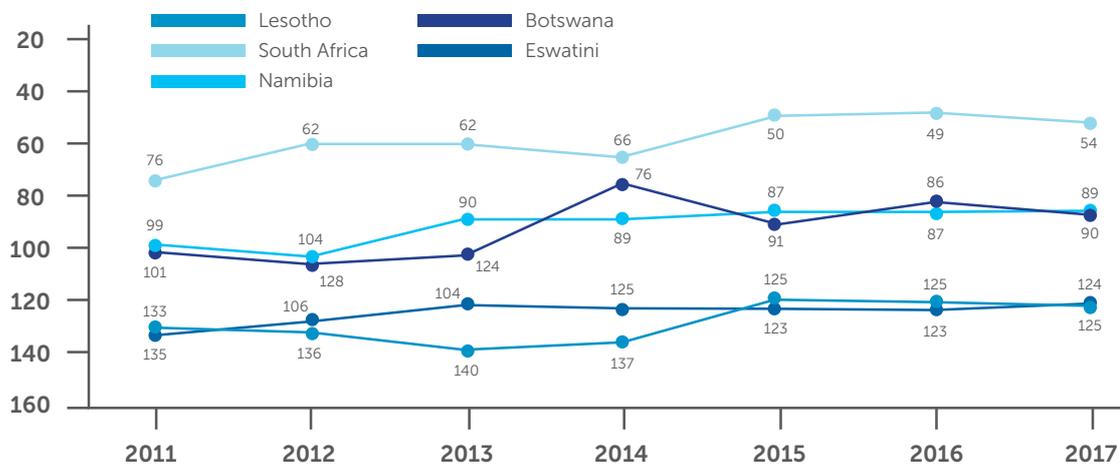
The Technological Readiness index is a composite metric measuring Technology Adoption and Level of ICT Use.

Technological Readiness	
Technology Adoption	Level of ICT Use
Factors Considered: <ul style="list-style-type: none"> • Availability of latest technologies • Firm-level technology absorption • Foreign direct investment (FDI) and technology transfer 	Factors Considered: <ul style="list-style-type: none"> • Number of internet users • Broadband internet subscriptions • Internet bandwidth • Mobile broadband subscriptions • Mobile telephone subscriptions • Number of fixed telephone lines

Lesotho’s Technological Readiness ranked at 125 in 2017, a drop from 123 in 2015. This was mainly due to lower FDI, technology transfer and availability of the latest technology.

Technological Readiness of SACU countries

World Ranking



Source : WEF Global Competitiveness Report 2017-2018

Overall, there are nine fundamental challenges faced by the Technology and Innovation sector, across its three main sub-sectors:

Fundamental Challenges in the Technology and Innovation Sector

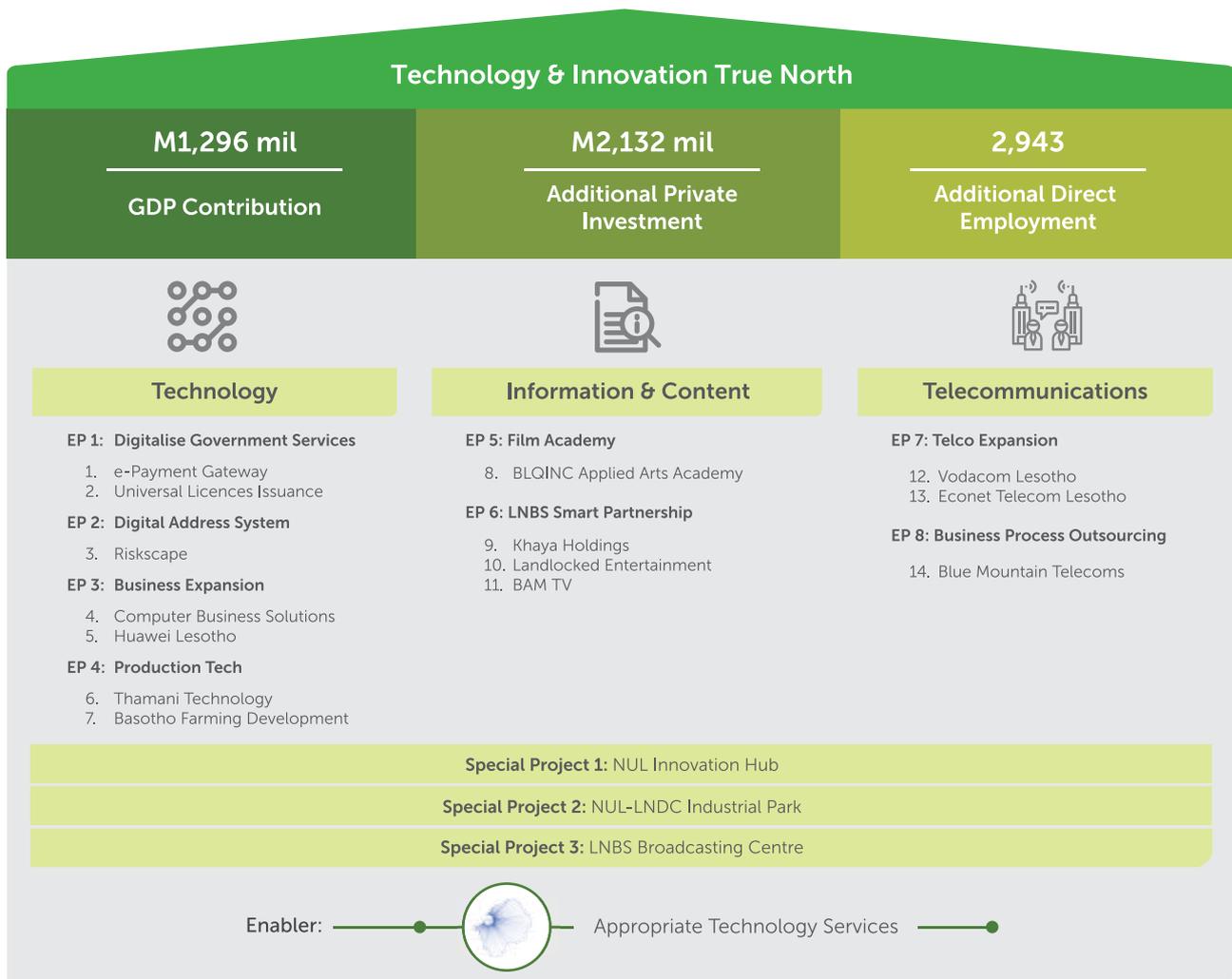
Sub-sector	Challenges	Summary
Technology	Development of E-Government	<ul style="list-style-type: none"> • Slow progress in developing a Digital Government (e-Government); few online application presence from government agencies including the Ministry of Communications Science and Technology who does not have a website. • Slow progress in implementing a postal address system and a framework for secure online transactions.
	Growing Beyond Business to Government (B2G)	<ul style="list-style-type: none"> • Most ICT firms view the government as their main client rather than providing services to Basotho. • Few Basotho firms engage in e-commerce due to weak demand, low internet use and lack of legislation to protect consumers.
	Digital Skills and Entrepreneurship	<ul style="list-style-type: none"> • Lack of internet knowledge and use among Basotho - 35% say they do not know how to use the technology. • Limited number of ICT-related courses in local institutions of higher learning. • Existing innovation hubs have limited effectiveness, due to the lack of industry links and collaborations to ensure graduates upskill. Current emphasis remains on academia and producing MSMEs.
Information & Content	Copyright Law and Industry Framework	<ul style="list-style-type: none"> • The Copyright Act 1989 is inadequate in protecting works of art on digital formats from piracy. Enforcement falls short and if challenged in court, cases can be lost due to technicalities and loopholes. • As a result, royalties for music and film cannot be collected, depriving local industry players from much needed funds to further their work. • Lesotho lacks a national framework to protect and support the growth of its film industry.

Sub-sector	Challenges	Summary
Information & Content	Location Marketing	<ul style="list-style-type: none"> Lesotho boasts some of the world's most scenic and beautiful landscapes, having been described as a hidden treasure combining the views of New Zealand and Switzerland. The marketing of Lesotho as a filming location is lost to the effective lobbying of neighbouring South Africa and the lack of promotion by the Lesotho tourism office to promote the Kingdom as a tourist destination.
	Incentives, Facilities and Human Capital	<ul style="list-style-type: none"> No incentive exists for aspiring local filmmakers and TV producers. Budgets are allocated to the Lesotho National Broadcasting Service to purchase content; however, none were made available for 2018/19. Shortage of an adequately-equipped facility for film, movie and music production. Privately-owned production facilities are not world-class. Basotho talents move to South Africa for better opportunities in the TV industry.
Telecom- munications	Limited Telco Providers	<ul style="list-style-type: none"> Only two major players providing telco services: Vodacom Lesotho and Econet Telecom Lesotho (ETL). Lesotho Electricity Company Communications has a fibre optic cable network, but has no plans for expansion. Fixed lines are limited and in Maseru CBD, ETL holds exclusivity for underground ducting.
	Nascent Technology Industry	<ul style="list-style-type: none"> Introduction of mobile money has spurred usage, yet growth of mobile services in Lesotho lags behind regional peers. Customers are not able to transfer money between the two platforms (M-Pesa and Ecocash). Cost of services and devices are still high compared to other countries in the region.
	Policies and Regulations	<ul style="list-style-type: none"> The Lesotho Communications Authority having a share in West Indian Ocean Cable Company may result in a conflict of interest. Slow development of e-Government resulting in low usage and slow take-up of related services. Lack of regulation on wholesale data prices and mobile interconnect with a goal to increase competition, which ultimately reduce prices.

Establishing the Sector's True North

The Technology and Innovation sector aims to unlock M2.13 billion in private sector investments, create 2,943 direct jobs and contribute M1.29 billion to the GDP by 2022/2023.

This will be achieved through 14 projects prioritised across its 3 Sub-Sectors and implemented through 8 Entry Points (EPs), together with 3 Special Projects and 1 Enabler.



Entry Point Projects

A. Technology Sub-Sector

Entry Point 1: Digitalise Government Services

Overview

Thus far, Lesotho's e-Government initiatives have not shown much impact. The United Nations' (UN) E-Government survey groups countries' E-Government Development Index (EGDI) into four tiers:

- Very high (>0.75)
- High (0.50 – 0.75)
- Middle (0.25 – 0.50)
- Low (<0.25)

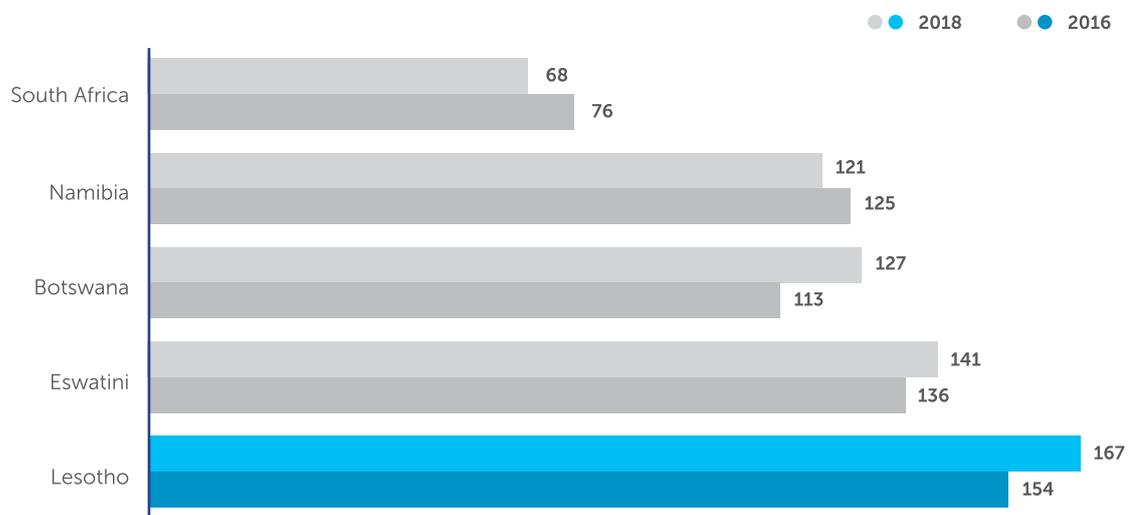
From 2016 to 2018, Lesotho remained as a middle EGDI-grouped country with EGDI values increasing from 0.2770 to 0.2968. However, the country's E-Government ranking dropped from 154 in 2016 to 167 in 2018.

Thus, there is an urgent need for the government to pave the way forward for a more digital Lesotho. This Entry Point focuses on projects that will increase digitalisation of government services towards increasing the efficiency and transparency of public services.

This can be achieved by creating an e-Payment gateway that will allow the online payment of government services via credit cards and/or mobile money. Another part of this Entry Point is also to enable license applications and issuances online e.g. driver's license, work permits and tourism licenses, which will eliminate the need to physically apply and queue to pay at government offices.

UN E-Government Ranking 2016 & 2018

Rank



Source : UN E-Government Survey 2016 & 2018

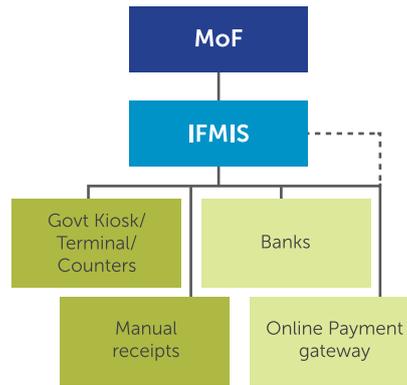
Project 1: e-Payment Gateway

Currently, there are various ways to pay for government services such as counters, kiosks, and electronic transfers. Spearheaded by Computer Business Solutions (CBS), this project will develop an e-Payment Gateway solution. This solution will allow members of the public to pay for government services online using mobile money, credit cards, or electronic transfers, both at physical government offices as well as on online platforms.

This application will be linked to the government’s Integrated Financial Management Information System (IFMIS).

Establishing an e-Payment Gateway will help to curb leakages, especially in cases where money is collected but never deposited into official government bank accounts. The government will be able to know (at any given point) how much money is being collected at all the government’s pay points.

Implementation for this project is expected to be completed by November 2019.



Project Owner	<ul style="list-style-type: none"> Computer Business Solutions (CBS)
Stakeholders	<ul style="list-style-type: none"> Ministry of Finance Ministry of Communications, Science and Technology

Project 2: Universal Licence Issuance

This project – another CBS initiative - will allow residents and businesses in Lesotho to apply, pay, and acquire licences and permits online. With the use of this automated system, this project aims to make the licence and permit-issuing process transparent whilst reducing the likelihood of misconduct.

The universal licence issuance system will decentralise licences and permit issuance services, improve revenue collection by the government, speed up the processing of licence and permit applications, and alert the appropriate parties regarding licences or permits that have not been renewed.

CBS will kick off the first phase of this project with licences and permits issued by the Ministry of Public Works and Transport, the Ministry of Police and Public Safety, the Ministry of Labour and Employment, and the Ministry of Tourism, Environment & Culture.

Implementation for this project is expected to be completed by July 2020.

Project Owner	<ul style="list-style-type: none"> Computer Business Solutions (CBS)
Stakeholders	<ul style="list-style-type: none"> Ministry of Finance Ministry of Communications, Science and Technology

Computer Business Solutions: Making e-Gov a Reality

One of the challenges faced by the government is the slow development of e-Government services. This has hampered efficiency in the management of government-related processes, which can potentially lead to leakages.

In the Technology and Innovation Lab, Computer Business Solutions (CBS) proposed two Public-Private Partnership (PPP) projects for the consideration of the government: developing an e-Payment gateway for residents and businesses to pay for a myriad of government services online and a universal licence portal, where people and businesses can apply, pay, and receive licenses and permits online.

CBS is an independent IT consulting company headquartered in Maseru. They are primarily involved in software, infrastructure, security and training projects for large organisations. Due to the small size of the private sector, CBS depends greatly on government business for income.

CBS faced a common issue in carrying out the two projects, that there is no clear PPP process for project proposals of this nature. Having identified this issue in the Labs, the government has since facilitated discussions for the projects to be presented before the Ministry of Finance and the Ministry of Communications, Science, and Technology in order to be given fair consideration, while the process for PPP proposals are being developed.

While the pace of progress on this issue can be improved, the company sees the Lab as a sign that the government is willing to work with the private sector by laying grounds for entrepreneurship and innovation to thrive.

CBS did note that government's buy-in with regards to making the move from the manual provision of services to digital platforms would be a key challenge. However, the company is hopeful that its goal to facilitate better service delivery by harnessing the power of technology and the internet will come to fruition.

Entry Point 2: Digital Address System

Overview

Much of Lesotho does not have a formal postal address system. Many residents lease a post-box from residents who own a formal address. This makes transport, logistics, courier, and delivery services more expensive, insecure, slow, and unsafe. This Entry Point focuses on developing a Universal Postal Union (UPU)-compliant digital postal system that improves the system of street coordinates, thus enabling the secure and efficient movement of people and delivery of goods and services.

Project 3: Riskscape

The Mapcode system is a free, brand-less, international standard to represent any location on the surface of the Earth with a short, easy-to-communicate “code”, which is usually a combination of four to seven letters and digits.

Mapcodes provide Lesotho with a national address system in accordance with internationally-accepted norms and standards. Spearheaded by project owner Riskscape (Pty) Ltd, the system can be immediately rolled out with recognisable short-term results.

Any kind of structure, be it residential, commercial or industrial, can be assigned a unique address using Mapcode.

Benefits of a Digital Address System

Benefit	Description
Formalise the economy	<ul style="list-style-type: none"> • Every micro, small and medium-sized business will have an address where collection of taxes can be facilitated and formalised. • Financial inclusion will be improved. As opening of bank accounts is allowed, MSMEs can then access loan facilities. This may lead to lowering the cost of doing business, as the risk premium charged by banks may be lower.
Strengthen delivery of health and security services	<ul style="list-style-type: none"> • First aid responders such as law enforcement, fire and ambulance will be able to reach the scene of an event sooner, saving lives and properties. • Aid and public programmes can be efficiently delivered, tracked and monitored.
Enhance revenues for private and public sectors	<ul style="list-style-type: none"> • Allows utility companies such as water, electricity and local governments to plan and collect revenues in a more systematic manner. • Provides total coverage in Lesotho for post codes that enhance postal deliveries, products and services. • Internet and tech-based companies that rely on addresses such as e-hailing, e-commerce, and food delivery, can now have a wider reach of customers, consequently growing the country’s GDP and increasing income for businesses and people.

By using the Mapcode system, every single property will now have a formal address that is verifiable and accounted for. This will facilitate improved ownership of data and unique identification of properties and persons.

Implementation for this project is expected to be completed by August 2019.

Project Owner	<ul style="list-style-type: none">• Riskscape (Pty) Ltd
Stakeholders	<ul style="list-style-type: none">• Ministry of Communications, Science and Technology• Lesotho Postal Services Department

Entry Point 3: Business Expansion

Overview

Given the expansion of businesses in the Technology and Innovation sector, various companies are looking at expanding their operations in Lesotho, specifically in Maseru. This will enable them to serve their customers better and provide locally-based support, rather than having to rely on support from overseas such as South Africa.

Project 4: Computer Business Solutions (CBS)

In the next five years, CBS plans to expand its business through product offerings such as electronic mobile payment solutions, the digitisation of government services, and the development of a local cloud data centre. CBS also plans to begin exporting its software solutions to South Africa.

In order to fulfil its growing business needs, CBS will have to expand from its current Maseru premises, which houses 60 employees, to a larger location. This expansion will help improve ICT services and training capacity in Lesotho, while increasing the number of digital jobs in the country more rapidly and in a more reliable manner.

Implementation for this project is expected to be completed by May 2020.

Project Owner	<ul style="list-style-type: none"> • Computer Business Solutions (CBS)
Stakeholders	<ul style="list-style-type: none"> • Ministry of Communications, Science and Technology • Maseru City Council

Project 5: Huawei Lesotho

The Government is planning to implement a Smart City project, which is to be undertaken by Huawei Technologies. Should financing for the Smart City in Maseru be approved, the Huawei office in Lesotho is expected to expand in order to be able to support the project effectively.

The Smart City project will see the implementation of:

- A unified command centre
- An intelligent video surveillance system
- An intelligent traffic system
- A data centre

Implementation for this project is expected to be completed by December 2022.

Project Owner	<ul style="list-style-type: none"> • Huawei Technologies SA (Pty) Ltd
Stakeholders	<ul style="list-style-type: none"> • Ministry of Finance • Ministry of Police and Public Safety • Ministry of Development Planning • Ministry of Communications, Science and Technology

Entry Point 4: Production Tech

Overview

Advancements in manufacturing and agriculture technologies will produce new and more efficient ways of doing things. By bringing in companies that can manufacture high-technology equipment or farms that utilise new growing techniques, this knowledge will be passed on to Basotho for them to adopt into their methods of production.

Project 6: Thamani Technology

Thamani Technology & Systems (Pty) Ltd is a 100% young, black women-owned high-tech company based near Pretoria, South Africa. It specialises in digitisation, integrated technology, managed services, business applications, document management, and providing training to niche markets.

Currently, Thamani Technology is in a pre-feasibility study phase in its plan to develop a facility that can manufacture mobile phones, tablets, laptops, and PC boards in Maseru. The planned facility is expected to be completed in December 2020, with potentially 300 high-technology jobs being created.

Implementation for this project is expected to be completed by September 2020.

Project Owner	<ul style="list-style-type: none"> Thamani Technologies
Stakeholders	<ul style="list-style-type: none"> Ministry of Communications, Science and Technology Ministry of Trade and Industry Lesotho National Development Corporation

Project 7: Basotho Farming Development

Basotho Farming Development & Partners (Basotho Farming) manages a 25-hectare farm in Berea, and is now looking at expanding its high-technology operations to a larger farm. The company employs about 40 permanent staff, but can hire up to 60 additional workers, depending on the season.

Basotho Farming is planning to develop 500 hectares of land at Mount Moorosi in the Guthing district where they will invest 100% into this project and share the net profits with local field owners. The land will be developed into a high-technology farm producing high-quality vegetable products, using open farms and greenhouse technology. Farmers in the region will be trained and products will be marketed locally as well as exported across the SADC.

Phase 1, spanning 350-400 hectares, will comprise the building of two large water tanks capable of holding 5 million litres of water for irrigation to the planned greenhouses. Phase 2 will extend the farm by another 500 hectares.

Implementation for this project is expected to be completed by October 2019.

Project Owner	<ul style="list-style-type: none"> Basotho Farming Development & Partners
Stakeholders	<ul style="list-style-type: none"> Ministry of Agriculture and Food Security Ministry of Communications, Science and Technology Mount Moorosi Council

B. Information & Content Sub-sector

Entry Point 5: Film Academy

Overview

Contributing M20 million to Lesotho’s GDP in 2017, the Broadcasting and Creative Arts industry only makes up 0.1% of Lesotho’s economy. The industry suffers from exposure of content from South Africa being broadcasted locally via the satellite television company DStv.

As the South African entertainment industry is more mature and developed, local players prefer to sell content to South African broadcasters and distributors. Additionally, the creative arts industry brain drain is acute, as talent generally leaves for greener pastures and ends up in South Africa. The project under this Entry Point is the first step to curbing the brain drain.

Project 8: BLQINC Applied Arts Academy

Run by BLQINC (Pty) Ltd, the academy will use a tried-and-tested programme to equip university graduates and new practitioners in TV and film with skills needed to produce content that meets international broadcasting standards.

The Project has two phases; namely, the Course Programme and the Physical Campus.

- The Course Programme: The academy will run a year-long initiative, exposing students to multiple genres and programme formats, with a hands-on approach for specific technical and creative disciplines. These include made-for-TV movies, documentaries, reality shows, miniseries, TV serials, and long-form TV (soap operas, telenovelas and feature films). Students will be required to produce broadcasting-worthy content throughout their stint in the programme, with those passing being absorbed as part of the BLQINC crew.
- The Physical Campus: The campus will provide professional sound stages that can be used by local and foreign productions, which can also help generate income.

The academy’s programme is developed by an experienced and known Basotho who has over 20 years of experience in the broadcasting, TV and film industry in South Africa.

Within the first five years of its establishment, the academy will expand to involve other art forms such as music.

Implementation for this project is expected to be completed by July 2020.

Project Owner	<ul style="list-style-type: none"> • BLQINC (Pty) Ltd
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Ministry of Communications, Science and Technology • Maseru City Council

Entry Point 6: LNBS Smart Partnership

Overview

Over the years, the Lesotho National Broadcasting Service (LNBS) has faced budgetary constraints due to the government fiscal situation. As a result, LNBS has been unable to purchase and develop local content, causing a downward spiral in the broadcasting and creative arts industry.

Different, out-of-the-box business approaches – as exhibited by the three projects under this Entry Point – can ensure the sustainability of LNBS as the anchor of the industry, and for the industry as a whole to grow and create sustainable jobs.

Project 9: Khaya Holdings

Khaya Holdings is the first Creative Arts incubator in Lesotho to provide platforms, equipment and some basic training for its participants. The company intends to produce local content such as reality TV shows, edutainment, soap operas, and dramas. One such initiative is Step-up Lesotho, which is the first reality talent show in Lesotho.

Slated to begin production in April 2019, the talent search for its first season will cover every district in the country. Several rounds of selection will take place, and the finalists will be housed in Maseru until the end of the season. The winner for season one is offered a car and a recording contract.

The programme is the first of its kind in Lesotho to be funded with sponsors, with some of them local companies. LTV 1 is the exclusive broadcaster for Step-Up Lesotho's first season.

Implementation for this project is expected to be completed by December 2022.

Project Owner	<ul style="list-style-type: none"> • Khaya Holdings
Stakeholders	<ul style="list-style-type: none"> • Lesotho National Broadcasting Service • Ministry of Tourism, Environment and Culture

Project 10: Landlocked Entertainment

Currently, soap operas and dramas are mostly produced in South Africa and aired through DStv. Landlocked Entertainment intends to develop and export more successful soap operas and dramas for the Sesotho-speaking region.

The company is behind Lesotho’s most-watched and successful soap dramas. More than 270 episodes have been produced and 240 of them have been aired through LTV and online. It has even been bought by a South African broadcaster in 2019 where 100 episodes will be aired. Production is set to continue in 2019, and Landlocked Entertainment is casting new talents to come on board.

To get funding for production, the company came up with a new approach, by offering up to eight different types of sponsorships, including product placements, location sponsorships, and service sponsorships, each with or without dialogue.

Implementation for this project is expected to be completed by December 2022.

Project Owner	<ul style="list-style-type: none"> Landlocked Entertainment
Stakeholders	<ul style="list-style-type: none"> Lesotho National Broadcasting Service Ministry of Tourism, Environment and Culture

Project 11: BAM TV

Lesotho is currently served by a single Free-To-Air (FTA) state-owned TV network offering only one TV channel. Lesotho’s media consumption is largely fed via South Africa’s paid digital satellite services, DStv. BAM TV saw the current landscape as an opportunity to offer and diversify local content platforms for the FTA audience, and to become the market leader for the FTA edutainment and lifestyle TV channel market segment.

BAM TV is the brainchild of BAM Group Empire, which is owned by long-term business partners who have vast experience in Lesotho’s media industry. BAM Group has several publications, media companies, and a consultancy that produces content for clients in Lesotho. The television station seems like a natural extension of the media reach for the BAM Group, especially when Lesotho’s Digital Terrestrial Television almost completely covers all districts in the country.

BAM TV is scheduled to start airing by October 2019 once the necessary licenses have been secured. It is planning to slot 46% of its airtime for edutainment, lifestyle and entertainment content largely from Lesotho and the SADC. The channel will source and develop content locally for Basotho and Sesotho-speaking people, reaching across almost 6 million consumers across South Africa, Botswana, and Zambia.

Sourcing and developing local content will lead to the development and growth of the market, consequently waking up a slumbering TV industry alongside discovering new talents and creating new jobs.

Implementation for this project is expected to be completed by December 2022.

Project Owner	<ul style="list-style-type: none"> BAM Group Empire
Stakeholders	<ul style="list-style-type: none"> Lesotho National Broadcasting Service Lesotho Communications Authority

C. Telecommunications Sub-sector

Entry Point 7: Telco Expansion

Overview

Lesotho currently has two telecommunications providers; namely, Vodacom Lesotho and Econet Telecom Lesotho. Lesotho Electricity Company Communications, meanwhile, is a communications subsidiary of the Lesotho Electric Company, that holds a Network Infrastructure Facilities licence, and provides leased fibre-optic services to other service providers. The network expansion of these three providers will be key to ensure that internet penetration and use will continue to grow in Lesotho.

Project 12: Vodacom Lesotho (VCL)

Vodacom Lesotho (VCL) is the largest mobile operator in the country, having invested over M1 billion in technology and communications infrastructure in Lesotho since 1996. VCL's mobile coverage in Lesotho is around 96% with 2G, 3G, LTE and most recently 5G services.

VCL will continue to expand its mobile coverage by working with the Lesotho Communications Authority and using the Universal Service Fund to reach more remote areas. It will also work on improving M-Pesa (680,000 users as of 2018) towards getting all Basotho to adopt mobile money, as well as invest in 5G coverage and service expansion.

Project Owner	<ul style="list-style-type: none"> Vodacom Lesotho
Stakeholders	<ul style="list-style-type: none"> Ministry of Communications, Science and Technology Lesotho Communications Authority

Project 13: Econet Telecom Lesotho (ETL)

Econet Telecom Lesotho (ETL) controls about 30% of the mobile market. However, it has an extensive wired and fibre network, especially around Maseru. ETL also offers a mobile money solution called EcoCash.

ETL's Kwese TV was launched in 2017, comprising a range of TV broadcasting channels offering news, sport, children's, and general family entertainment. In January 2018, ETL launched a traffic camera service giving live feeds on traffic conditions.

ETL will continue to expand its services by extending its mobile coverage, fixed/wired network, fibre network, and EcoCash service, as well as investing in rolling out its 5G network.

Project Owner	<ul style="list-style-type: none"> Econet Telecom Lesotho
Stakeholders	<ul style="list-style-type: none"> Ministry of Communications, Science and Technology Lesotho Communications Authority

Entry Point 8: Business Process Outsourcing

Overview

The Government’s ICT Policy (March 2005) and development goals, as articulated in the Lesotho Vision 2020 Policy Document and the Poverty Reduction Strategy Paper, highlight its commitment to the development of Basotho as knowledge workers, with an emphasis on skills acquisition and transfer. One key industry where the creation of knowledge workers can be kick-started is Business Process Outsourcing (BPO).

Currently, the industry has no presence in Lesotho, with most companies either operating their own contact centres or outsourcing them to South Africa. Developing a contact centre service in Lesotho will be a start towards developing a local BPO industry.

Project 14: Blue Mountain Telecoms

This project will develop a quality call centre/BPO solution, providing reliable and world-class services 24/365, including both in-bound and out-bound calls, SMS, e-mail, and interactive online facilities. Blue Mountain has access to a dedicated and well-trained cadre of customer support specialists.

The establishment of the Blue Mountain call centre will be aligned with the Government’s aim to develop knowledge workers whereby it will create an initial 30 to 60 skilled and 20 semi-skilled jobs over three years, with a projected annual human capital escalation of 25% from inception.

The new call centre will offer diversity in language services, create jobs continent-wide, enable cost-saving initiatives through strategic alliances, and serve as a total solutions provider for businesses in the region.

Implementation for this project is expected to be completed by November 2019.

Project Owner	<ul style="list-style-type: none"> Blue Mountain Telecoms
Stakeholders	<ul style="list-style-type: none"> Ministry of Communications, Science and Technology Lesotho Communications Authority

Blue Mountain: Catalysing a BPO industry in Lesotho

Lesotho does not have an existing Business Process Outsourcing (BPO) industry. Blue Mountain Telecoms is a company that aims to establish a call centre, consequently positioning Lesotho as a preferred destination for international BPO services. The establishment is expected to create an initial 30 to 60 skilled and 20 semi-skilled jobs over three years. This is in line with the government's ICT policy and poverty reduction strategy to develop Basotho as knowledge workers – enabling them to compete with more competitive and mature BPO markets such as India, the Philippines, South Africa, Turkey, and Ireland.

During the Technology and Innovation Lab, Blue Mountain Telecoms highlighted the lack of government stability as a recurrent bone of contention, as well as lack of government support for the project.

However, Blue Mountain Telecoms' Managing Director, Thabiso Sello, said that the Lab has helped to provide some insights for the company, especially regarding navigating government bureaucracy. He also noted the support shown by the Ministry of Development Planning towards the project.

With this initiative, the company aims to highlight new modes of job creation and skills development within the ICT space in Lesotho.

Moving forward, Blue Mountain Telecoms hopes to see the Lab's facilitation process of the project result in job creation, reskilling of unemployed graduates and rebranding of the country.

D. Special Projects

Overview

In addition to the 14 projects spread across the three sub-sectors and eight Entry Points, the Lab also identified three Special Projects that would act as a catalyst for the Technology & Innovation sector. These are the National University of Lesotho (NUL) Innovation Hub, the NUL-Lesotho National Development Corporation (LNDC) Industrial Park, and the LNBS Broadcasting Centre. These hubs are essential to drive innovation in Lesotho.

Various innovation and incubation hubs have been developed before, either by the universities e.g. NUL and Limkokwing, or the private sector e.g. Vodacom. These hubs have been effective in helping to develop entrepreneurs, but they are limited in size and may not be feasible to operate.

Most companies in the incubation hubs are in the ideation, incubation, and early micro stages. They need assistance to move from pre-commercialisation, seed and start-up phases to the growth/expansion phase.

There is a gap in this space as the framework and eco-system for scaling companies are almost non-existent. The 3 Special Projects and one Enabler (Appropriate Technology Services) seek to fill this gap.

Special Project 1: NUL Innovation Hub

The National University of Lesotho (NUL) Innovation Hub provides start-ups with assistance, starting from research to incubation to business and production. Currently with 20 start-ups, the NUL Innovation Hub needs to expand its facility and accommodate new start-ups, while the current ones require more working space and tools.

The existing NUL Innovation Hub located in Roma can only house around 12 to 17 start-ups, and is not conducive as food and non-food industries are located close to each other, raising food safety and health concerns. To address this concern, the NUL Innovation Hub seeks investment to expand and separate the various industries as well as accommodate an additional 30 start-ups.

The planned expansion will include two new buildings, trucks to transport goods, a cold room facility, and a storage facility. The estimate amount required for expansion is M15 million. Currently, NUL is raising funds via the NUL Innovation Fund.

Implementation for this project is expected to be completed by May 2020.

Implementing Agency	<ul style="list-style-type: none"> National University of Lesotho
Stakeholders	<ul style="list-style-type: none"> National University of Lesotho Ministry of Communications, Science and Technology Ministry of Education Lesotho National Development Corporation

Special Project 2: NUL-LNDC Industrial Park

NUL together with LNDC are planning to develop an industrial park near Roma to enable companies from the NUL Innovation Hub to operate there. In July 2018, the two parties conducted a feasibility study on the first locally-inspired industrial park in the Roma Valley. Three potential sites were assessed, and a zoning plan was developed for Lehoatateng.

The proposed industrial park will likely adopt the Silicon Valley approach, where industry players and the higher learning institution work together. Apart from the various industrial sectors, Phase 1 of the park will also include Phase 2 of the NUL Innovation Hub, allowing an additional 100 start-ups to operate there – bringing the total to 150 companies. Other companies are also welcomed to invest in the park.

Companies graduating from the hub will be placed in the industrial park to grow further. The park will also include an amusement park and a shopping centre. The estimated cost of developing the basic infrastructure for Phase 1 and all of its amenities is between M500 million to M800 million. NUL and LNDC will next finalise on the park concept, business plan, potential investors and other sources of funding.

Implementation for this project is expected to be completed by June 2021. By 2023, Roma is envisaged to become a thriving knowledge-based city as a result of the industrial park.

Implementing Agency	<ul style="list-style-type: none"> National University of Lesotho
Stakeholders	<ul style="list-style-type: none"> National University of Lesotho Lesotho National Development Corporation Ministry of Communications, Science and Technology Ministry of Education

Special Project 3: LNBS Broadcasting Centre

This project aims to enhance the LNBS Broadcasting Centre to be a modern broadcasting complex equipped with state-of-the-art equipment for the creative industry players to create and curate content.

The new broadcasting centre will be built on the existing LNBS site in phases and will be equipped with a slew of audio-visual equipment that can cater for music, news, talk shows, and a large auditorium for live performances. It will also house a modern digital recording studio, a theatre and stage with a seating capacity of 300 people, and a dedicated space for new equipment and facilities for the existing three LNBS channels; Lesotho Television, Radio Lesotho and Ultimate FM. All the Digital Terrestrial Television (DTT) equipment will also be housed in the new centre.

The development of the LNBS Broadcasting Centre should pave the way for the corporatisation of LNBS, and allow the organisation to be the catalyst of the Lesotho creative industry. LNBS's current office and media campus is aged, and its equipment is in varying levels of usability and operability. LNBS's departments and units are also scattered around the existing site, with some working from containers. This project will ultimately help LNBS to strengthen its foothold as the anchor of the industry alongside getting its centre the upgrading it needs.

LNBS will be corporatised in 2020, with the broadcasting centre slated for completion by the 4th quarter of 2020 or the 1st quarter of 2021.

Implementing Agency	<ul style="list-style-type: none"> Lesotho National Broadcasting Service
Stakeholders	<ul style="list-style-type: none"> Ministry of Communications, Science and Technology Ministry of Finance Ministry of Development Planning Lesotho National Broadcasting Service

E. Enabler

Appropriate Technology Services (ATS)

Appropriate Technology Services has been identified as an important enabler whose focus is to solve local community problems and scale solutions across the country.

The company is mandated to identify the needs of local communities, to devise and develop technological solutions to serve those needs, and to nurture companies to produce solutions for the community.

Their programmes cover a wide range of disciplines, including food technology, agriculture technology, renewable energy and biomass, public education and science communication, entrepreneurship development, and production and quality control.

One of the successful start-ups under ATS is OnePower Africa who is currently building mini-power-grids around Lesotho.

ATS is expected to transform into the National Centre for Innovation and Research by 2023.

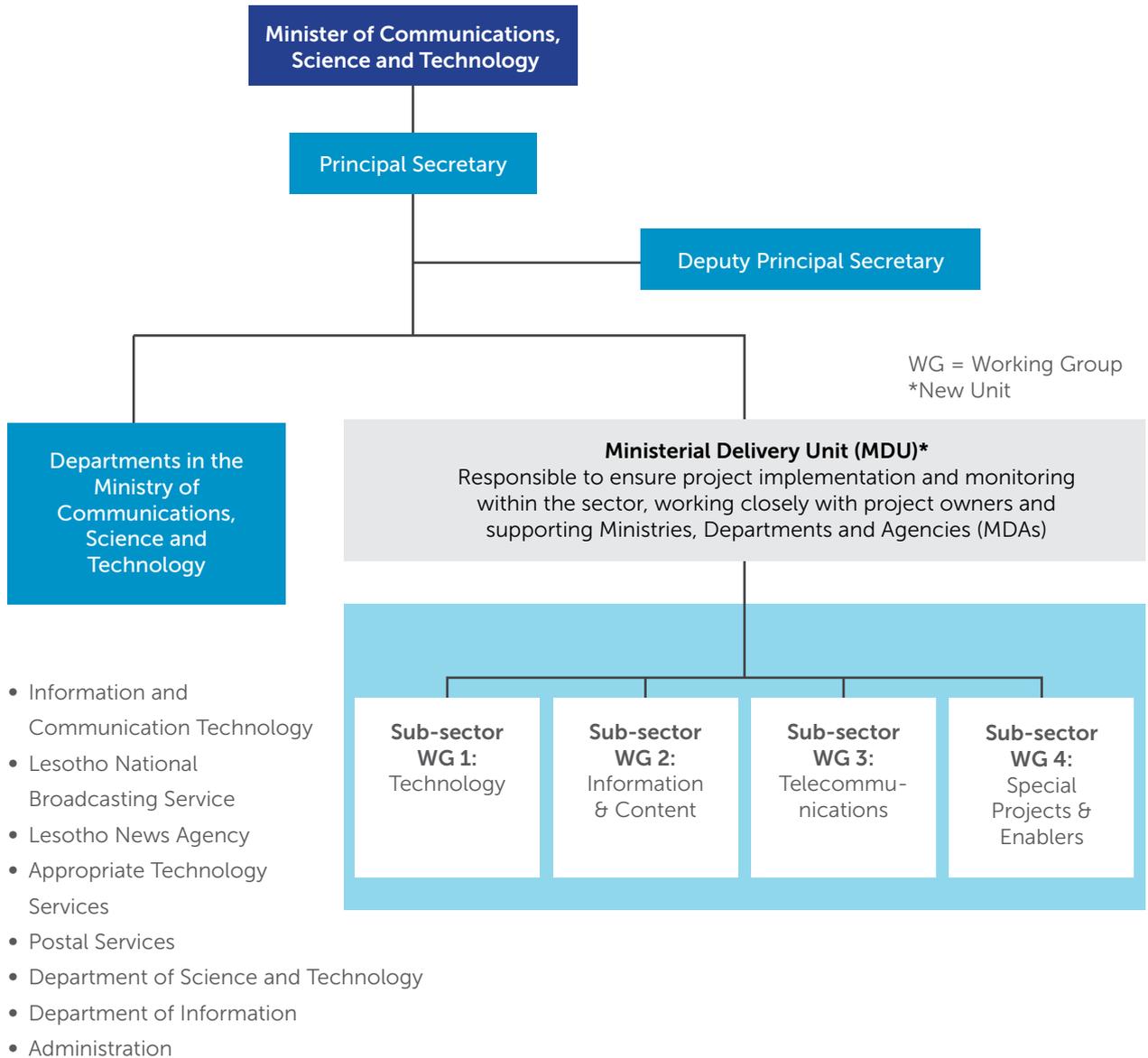
Implementing Agency	<ul style="list-style-type: none">• Appropriate Technology Services, Ministry of Communications, Science and Technology
Stakeholders	<ul style="list-style-type: none">• Ministry of Communications, Science and Technology

Governance

To drive the implementation, a Ministerial Delivery Unit (MDU) will be established under the Ministry of Communications, Science and Technology (MCST), supported by the four sub-sectors' Working Groups.

Overall Governance Structure

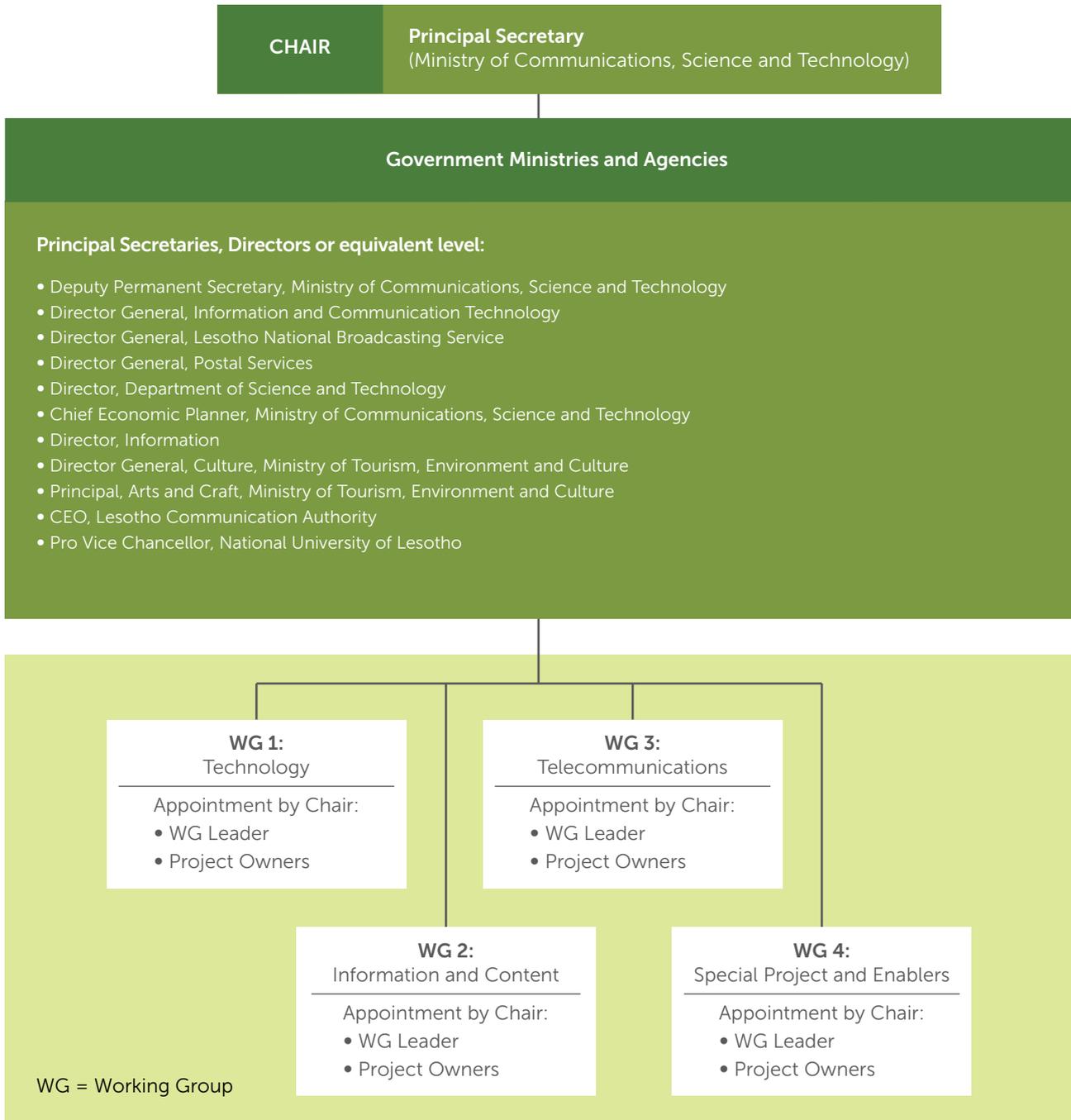
PROPOSED STRUCTURE



The proposed performance monitoring and problem-solving structure within the Technology and Innovation sector governance structure will ensure that the project owners will implement their respective projects according to the set timelines and KPIs. They must report their progress to the MDU.

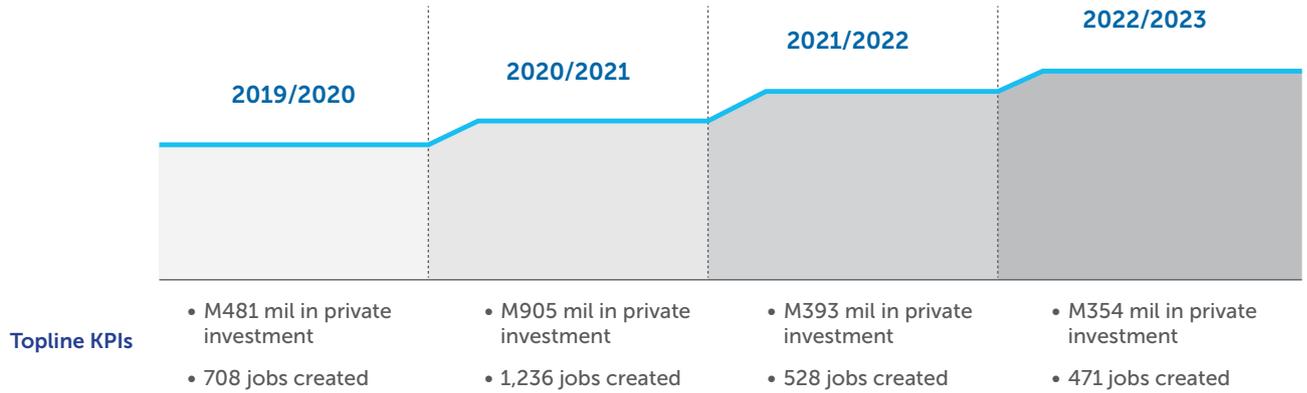
Ministerial Delivery Unit (MDU) Structure

PROPOSED STRUCTURE



Measuring Transformation

Clear Key Performance Indicators (KPIs) have been established to monitor the performance of each project and to ensure accountability right up to 2023. These amount to the overall topline KPIs for the sector.

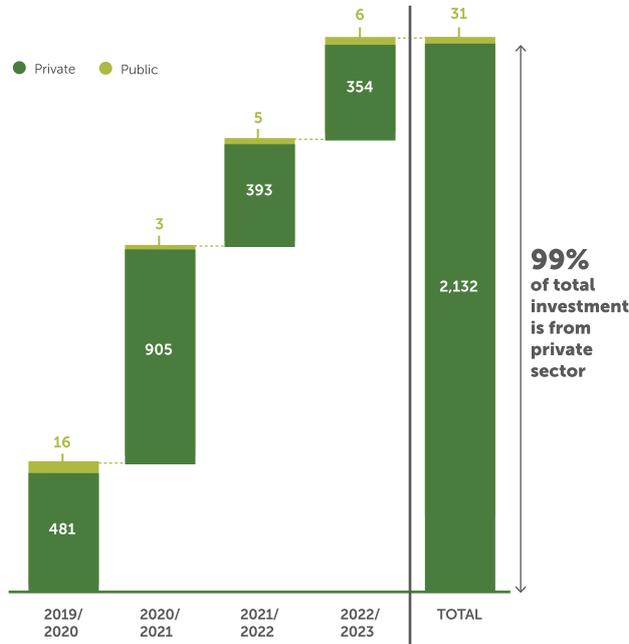


Technology and Innovation Sector Impact

All in all, the Technology and Innovation sector is expected to realise an additional M2.1 billion in private investments and create 2,943 direct jobs by 2022/2023.

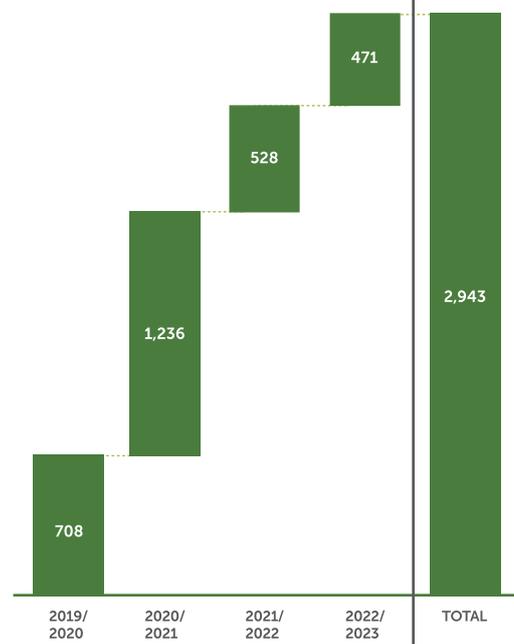
Total Private Investment

M mil



Direct Jobs

Number



Public Investment required from 2018/2019 to 2022/2023 is M30 million.



Tourism & Creative Industries Sector



Part 3: Sector Outcomes

TOURISM & CREATIVE INDUSTRIES SECTOR

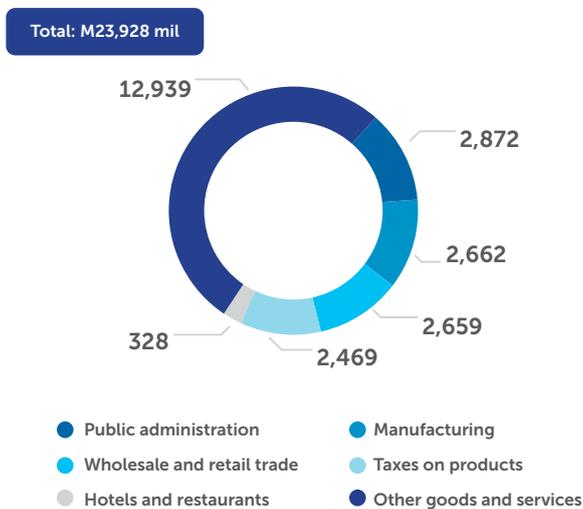
Overview

Lesotho’s National Strategic Development Plan (NSDP II) has identified tourism and creative industries as one of the strategic sectors to be prioritised for its potential in growth and job creation.

The sector has enormous socioeconomic potential that is critical for the development of the nation, as it stimulates business, trade and capital investment, and requires both high and low-skilled workers, at the same time creating wider awareness while protecting Lesotho’s extensive heritage and culture.

Tourism-related activities, represented by hotels and restaurants, wholesale and retail trade sub-sectors have consistently contributed 12-15% of Lesotho’s GDP from 2013 to 2017.

Lesotho GDP in Constant Prices (2012=100), 2017
% Percentage



Hotels and restaurants accounted for  **1.4%** of total GDP in 2017

The tourism industry is an important contributor to the overall economy, growing at 4.6% CAGR between 2015-2017 and contributing 12.5% of the overall GDP in 2017.

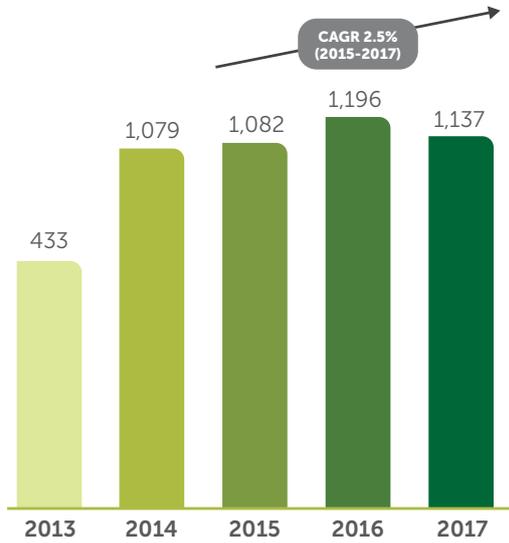
Note : In Lesotho, the hotels and restaurants sector in the GDP composition definition is taken as the closest proxy to the Tourism and Creative Industries sector. Others include mining and quarrying, business services, transportation and storage, etc.

Source : QGDP Publication Tables 3rd Quarter 2018, National Statistical System of Lesotho.

Between 2015-2017, arrivals into Lesotho have been positively increasing at 2.5% annually, while tourism receipts grew at 4.8% during the same period. According to the Lesotho Tourism Development Corporation, Lesotho received the greatest number of tourist arrivals in December, contributing 13.2% and 13.5% in 2016 and 2017 respectively.

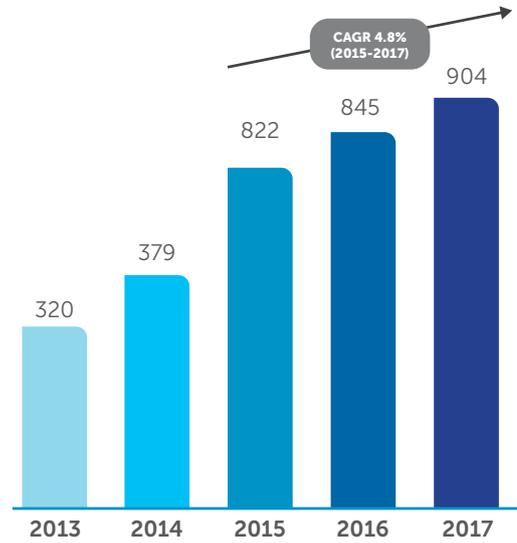
International Tourist Arrivals (2013 – 2017)

'000



International Tourism Expenditure (2013 – 2017)

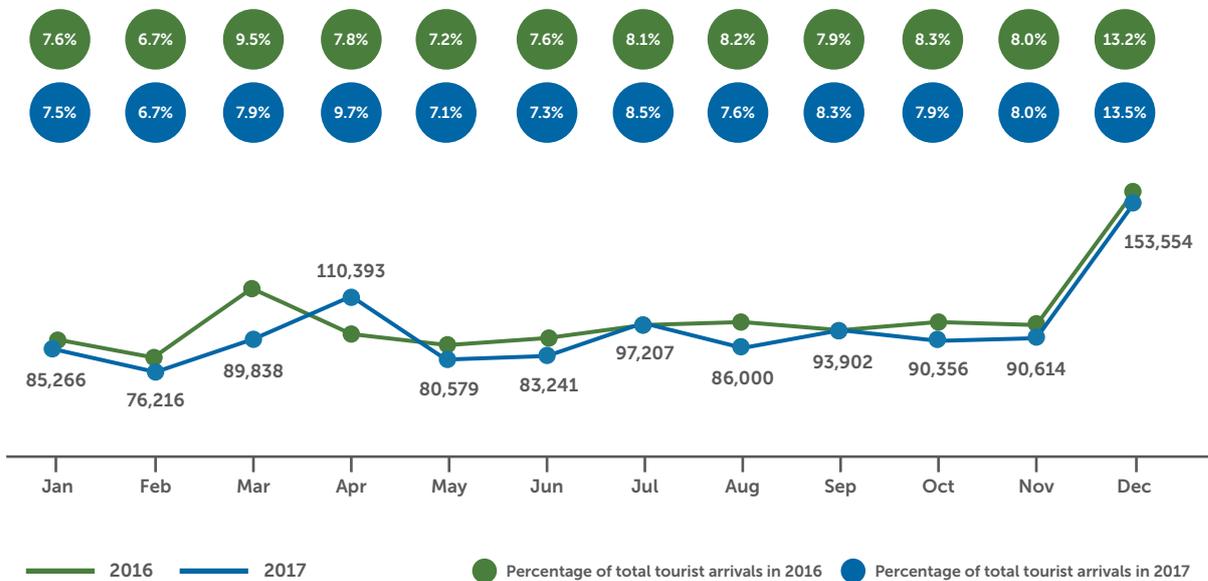
LSL mil



Source : LTDC Annual International Arrivals & Accommodation Statistics, 2013-2017.

Seasonality of Arrivals Traffic (2016-2017)

Number of tourists



Source : Lesotho Tourism Development Corporation.

Out of all the Tourism sub-sectors, the accommodation sector contributes the highest revenue at 69% of total tourism revenue at M622.2 million Maloti, followed by food and beverages (24%), and other goods and services (7%). Hotels in Lesotho shows the highest number of beds at 1,770 with an occupancy rate of 35.1%, compared to other types of accommodation.

However, Lesotho reported a 20.1% bed occupancy rate (made up of various types of tourist accommodation) in 2017, showing underutilisation of existing capacity. This indicates that Lesotho has existing capacity to accommodate more tourists should there be a significant increase in tourist arrival in the immediate time frame.

Types of Accommodation In Lesotho (2017)

Number of beds



Source : LTDC Arrival and Accommodation Statistic 2017

The Ministry of Tourism, Environment and Culture has developed the National Tourism Master Plan, outlining a strategic framework that aims to address 4 Key Objectives across 7 pillars.

National Tourism Master Plan Strategic Framework



Four Key Objectives under the National Tourism Master Plan



Source : Draft National Tourism Master Plan

Currently, three departments under the Ministry of Tourism, Environment and Culture (MTEC) are responsible to ensure that the tourism, cultural and environmental aspects of the country are preserved and sustainably developed.

Departments in MTEC and Their Roles and Responsibilities

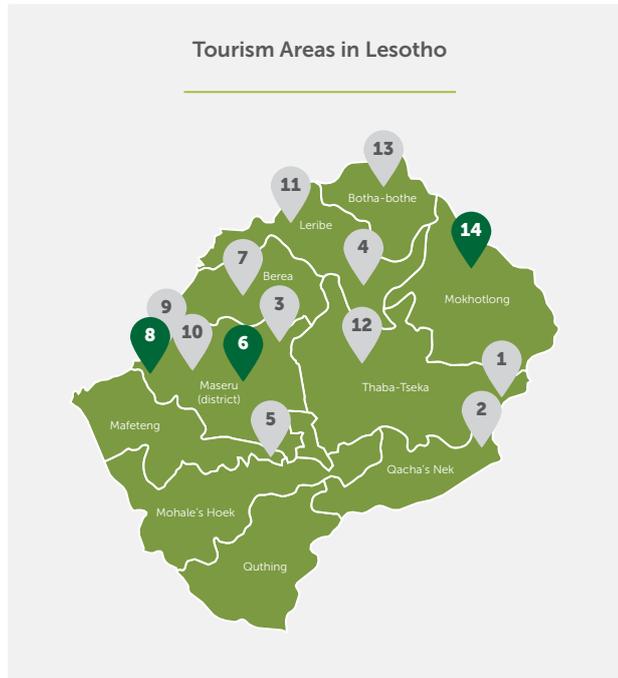
Department of Tourism	Department of Environment	Department of Culture
 <ul style="list-style-type: none"> • The department is responsible for formulating and implementing tourism policies and legislation • Other roles and responsibilities of the department include: <ul style="list-style-type: none"> – Facilitating and implementing international and regional treaties and protocols in tourism – Collaborating and coordinating with stakeholders on tourism matters – Developing, disseminating and enforcing regulations in tourism – Licensing of tourism enterprises – Tourism product development and diversification 	 <ul style="list-style-type: none"> • The department is in charge of matters that affects the environment, including: <ul style="list-style-type: none"> – Coordinating, advising, and regulating environmentally sound technologies and concepts – Setting standards, guidelines and monitoring compliance to Environmental Management Plans – Disseminating information regularly on environmental issues and ensuring Lesotho's adherence to environmental treaties and international conventions to which it is a party – Empowering and creating awareness among local communities and other stakeholders on conservation of the country's environment to achieve sustainable development 	 <ul style="list-style-type: none"> • The department is the national administrative body responsible for the protection, management, development, promotion and dissemination of national heritage information through specialised programs as well as cooperation with other privately run organisations • The roles and responsibilities of the Department of Culture include: <ul style="list-style-type: none"> – To ensure internationally accepted practices in maintaining national cultural heritage sites are complied – Support the improvement and upgrading of national cultural heritage sites and traditions – Ensure cultural conservation by the promotion and celebration of culture

Source : Lesotho National Tourism Policy

Case for Change

Opportunities

A survey conducted by the Domestic Tourism Strategic Survey (2014) pegged Maseru and the Lesotho highlands as the two most visited areas in Lesotho.



Places That Domestic Tourists Have Visited in Lesotho (1,210 Respondents)

1. Sani Pass	16.1%
2. Sehlabathebe National Park	16.2%
3. Tsehlanyane National Park	29.1%
4. Bokong Nature Reserve	20.0%
5. Semonkong Falls	19.4%
6. Thaba-Bosiu Mountain	45.8%
7. Kome Cave	9.2%
8. Maseru	86.0%
9. AVANI Lesotho Hotel & Casino	42.6%
10. Royal Archives, Museum and Information Centre, Maseru, Lesotho	30.4%
11. Major Bell's Tower	0.9%
12. Katse Dam and Botanical Gardens	44.0%
13. Liphofung Cave	21.9%
14. Lesotho Highlands	63.6%

Source: Domestic Tourism Strategic Survey 2014

■ Top Visited Areas

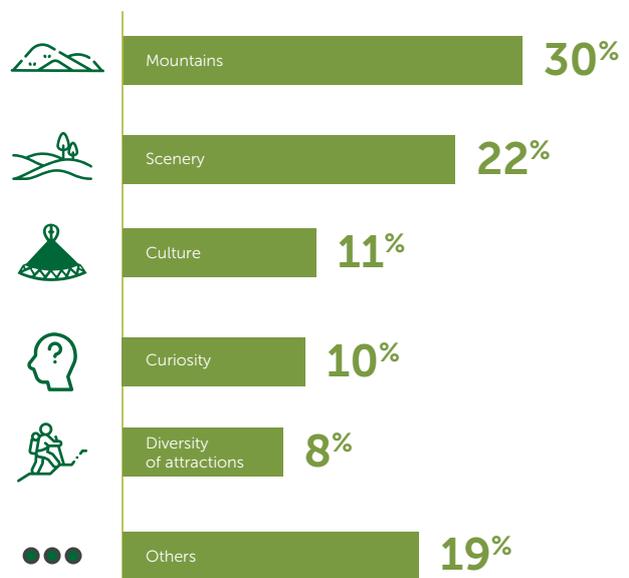
There are four main reasons why people visit Lesotho. All of these segments contribute to tourism earnings and are responsive to advertising and promotion.

1. Business visits which includes meetings, attending conferences and exhibitions.
2. Visiting friends and relatives for holidays, personal reasons, or special occasions such as births, marriages, or deaths.
3. Holiday/leisure visits.
4. Other reasons include attending or participating in sporting events, religious services, or for the purposes of health or education.

The Lesotho Exit Survey 2016-2017 revealed that 30% of leisure tourists are motivated by mountain activities when planning their trip to Lesotho. Others include skiing (6%), climate (5%), tranquility (5%), friends or relative (2%) and value for money (1%).

Motivation for Leisure Trip to Lesotho (2016-2017)

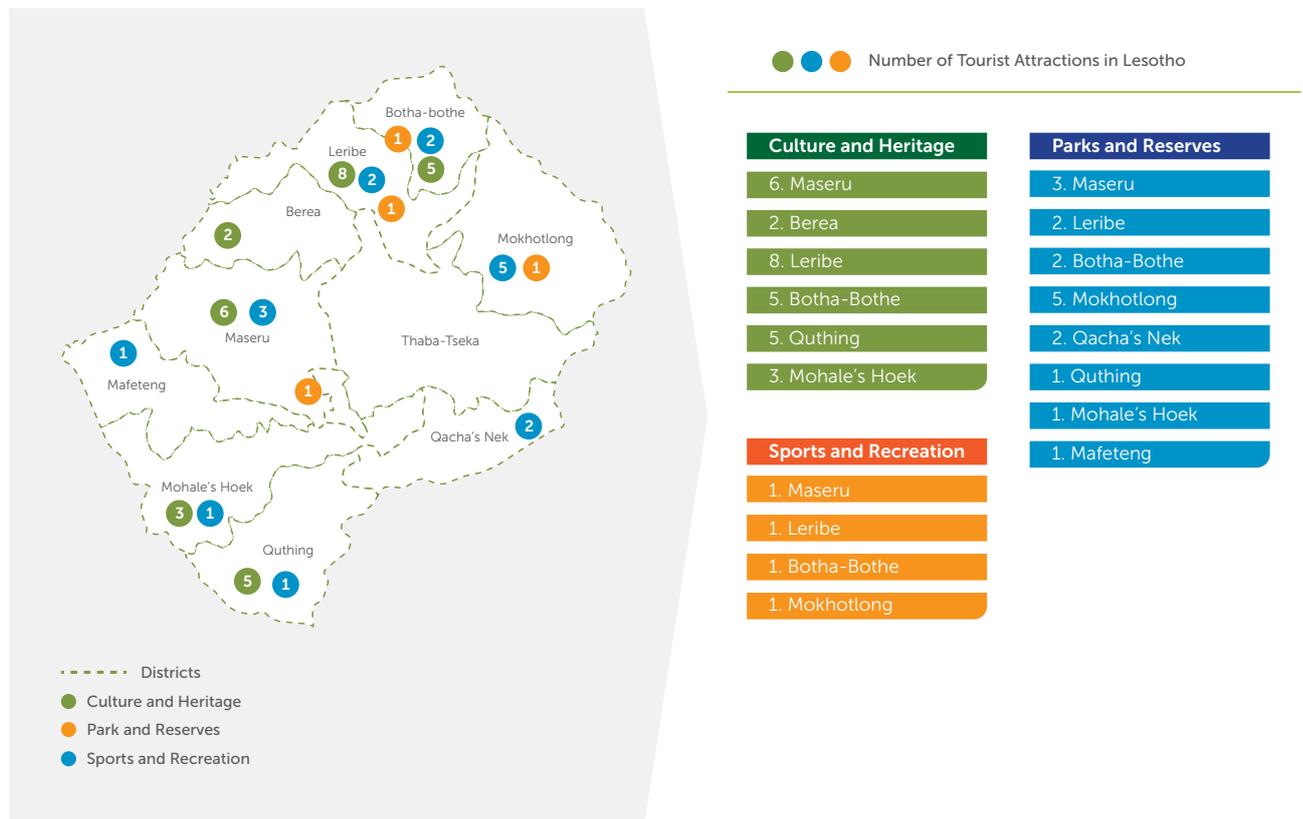
% Percentage



It also boasts a unique culture and heritage compared to its neighbouring countries. This is mainly driven by the Basotho community and its historical sites.

Lesotho’s main attractions include, but are not limited to:

- culture and heritage sites
- sports & recreation sites
- parks and reserves



Source : LTDC Attraction Database, Online search

Lesotho is easily accessible by air and by road. It's accessible visa requirements make Lesotho an attractive travel destination for holiday-goers.

Accessibility

- **By Air**
Lesotho is accessible by air through direct flights from Johannesburg, which caters to direct flights from 81 cities. The South African Airlink provides three flights daily to Moshoeshoe I International Airport.
- **By Road**
There are 14 border posts which connects Lesotho to South Africa. The border posts' operation times vary based on location, some starting from as early as 6:00am and closing at 10:00pm, with the exception of Maseru Bridge and Ficksburg Bridge, which operates 24 hours.

Visa Requirements

- South Africans travelling with a valid passport and staying for less than three weeks, do not require a visa. For travelers intending to stay more than three weeks, a visa can be obtained free of charge from the Lesotho High Commission or at the border post upon entering.
- For other international tourists, the following are the visa requirements:

No visa required to stay for an indefinite period of time	Visa required after 140 days	Visa required after 90 days
<ul style="list-style-type: none"> • Austria • Australia • Botswana • Canada • Fiji • South Africa • Sri Lanka • Swaziland • United Kingdom • Zimbabwe • United States of America 	<ul style="list-style-type: none"> • Belgium • Czech Republic • Denmark • Finland • France • Germany • Iceland • Italy • Luxembourg • Netherlands • New Zealand • South Korea • Sweden • Switzerland • Norway • Portugal • Spain 	<ul style="list-style-type: none"> • Antigua and Barbuda • Bahamas • Barbados • Belize • Brunei • Dominica • Gambia • Grenada • Guyana • Hong Kong • Ireland • Israel • Jamaica • Japan • Kenya • Kiribati • Malawi • Malaysia • Maldives • Mauritius • Namibia • Nauru • Papua New Guinea • Saint Kitts and Nevis • Saint Lucia • Saint Vincent and the Grenadines • Samoa • San Marino • Seychelles • Sierra Leone • Singapore • Solomon Islands • Trinidad and Tobago • Tuvalu • Uganda • Vanuatu • Zambia

Source : E-Visa Lesotho

Challenges

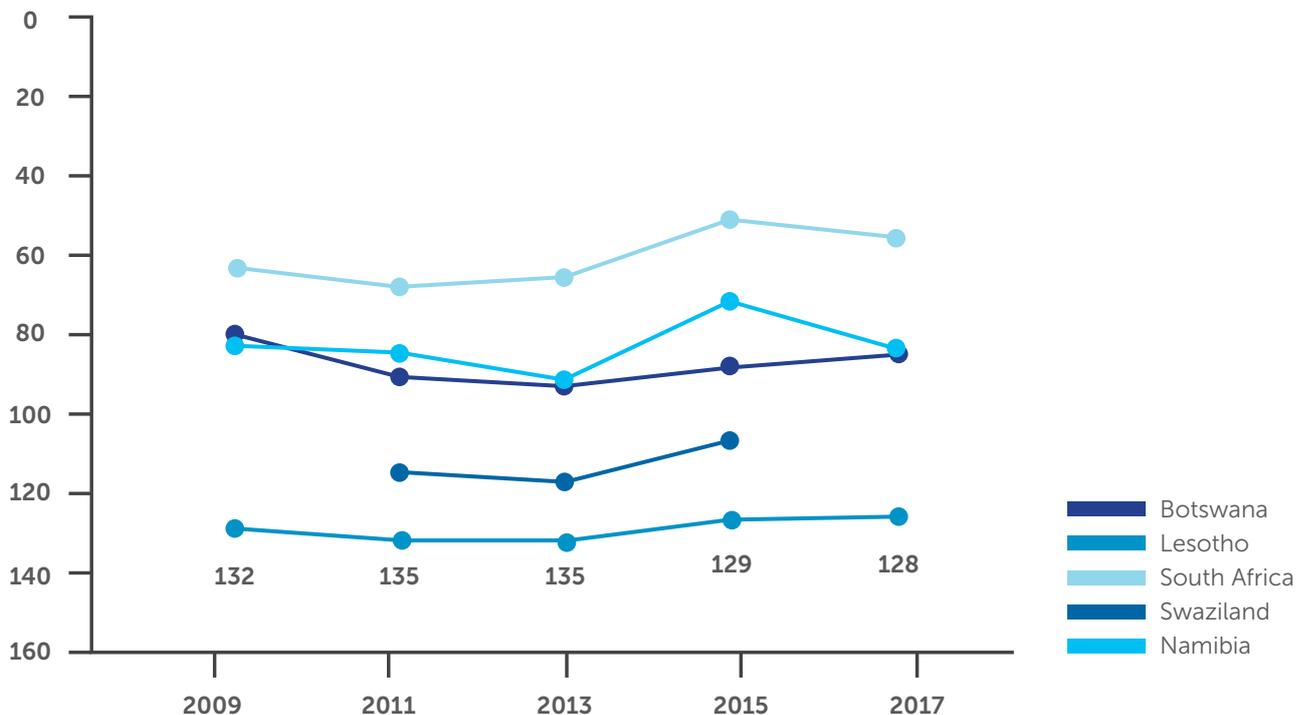
Lesotho's Tourism and Creative Industries sector has great potential for growth but is challenged by factors contributing to its competitiveness against other travel destinations.

Key Travel & Tourism Economic Indicators, 2017

International Tourist Arrivals	320,000 people
International Tourist Inbound Receipts	USD34.4 mil
Average Receipts Per Arrival	USD107.60
Travel & Tourism Industry GDP	USD114.9 mil (5.8% of total)
Travel & Tourism Industry Employment	34,402 jobs (5.1% of total)

Currently, Lesotho ranks 128 out of 136 countries in the World Economic Forum (WEF) Travel & Tourism Competitiveness Index (TTCI), well behind its Southern African Customs Union (SACU) peers. Although Lesotho has good potential to develop its Tourism and Creative Industries sector into a strong contributor to the country's economy, growth in travel and tourism is hampered by weaknesses in competitiveness.

WEF Travel & Tourism Competitiveness, SACU



Source: Lesotho Ranking of Travel & Tourism Competitiveness Index by World Economic Forum

The main challenges in competitiveness are:

(1) Poor infrastructure

No direct, long-haul connections are available, and regional connections are costly. According to NSDP, existing accommodation facilities and attractions are not linked, and basic infrastructure is lacking on sites that have been identified for tourism investment. Road network and quality are poor (rank 98) and information, communication and technology (ICT) infrastructure is limited (rank 113).

(2) Lack of skilled labour

The Travel and Tourism Competitiveness Index (TTCI) ranks Lesotho 128th among 136 countries. While this is partly driven by HIV-related issues, it also reflects lack of specialised tourism training such as degree of customer orientation (rank 133) and barriers to hiring foreign labor (rank 108).

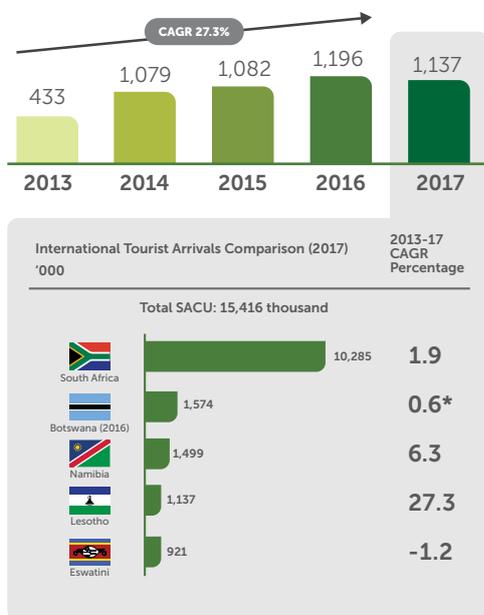
(3) Poor protection of cultural and natural resources

According to the NSDP, protection of rich cultural heritage from destruction is limited, especially the physical assets, which threatens their continued existence for future generations. Disparate efforts in packaging cultural resources (museum, craft centres and theatres) also limit their ability to maximise capitalisation of cultural assets for purpose of tourism.

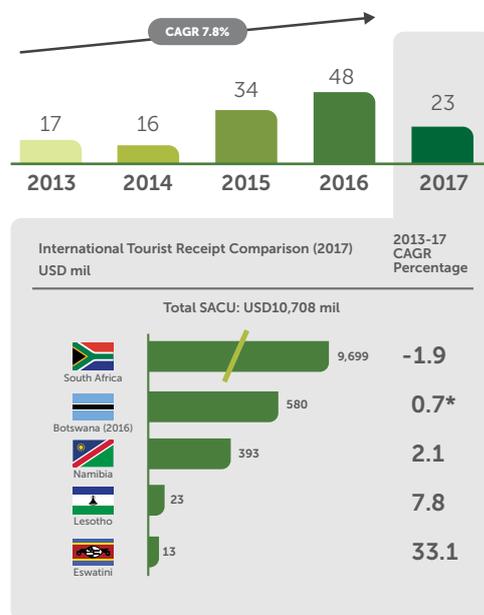
(4) Poor protection of environmental sustainability

According to the NSDP, the main causes of environmental degradation include ploughing on steep slopes and/or marginal lands by crop farmers (54% of croplands are exposed to sheet erosion), overgrazing of rangelands (an estimated 50% overstocking of livestock), cutting of trees for fuel and other uses, and unregulated encroachment of human settlements onto prime agricultural lands. Multiple policies and plans address the key environmental and climate change challenges. However, delivery has been weak due to institutional fragmentation, duplication of efforts, insufficient cross-sectoral coordination within the government and non-governmental sectors, and weak implementation and enforcement of policies and legislation.

International Tourist Arrivals (2013 – 2017)
'000



International Tourism Receipt (2013 – 2017)
USD mil



Source: LTDC Annual International Arrivals & Accommodation Statistics, 2013-2017

Despite showing a 27.3% growth in international tourist arrivals and 7.8% in tourism receipts, Lesotho recorded as having one of the lowest spend per tourist among SACU countries.

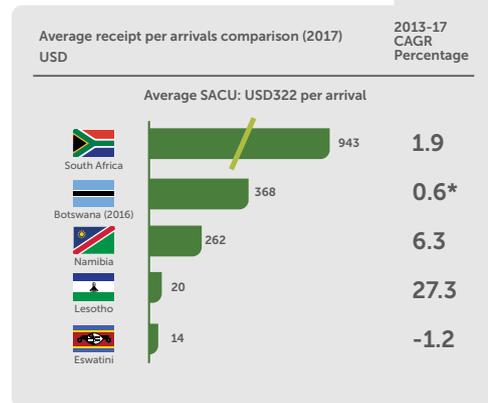
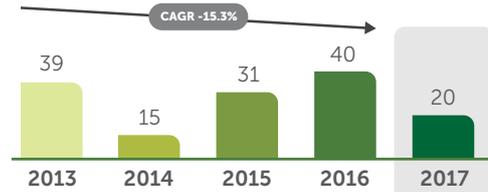
This is attributed to limited economic activities catered for tourists to stimulate spending and increase retention in Lesotho around tourist attraction sites.

Almost 90% of tourists that visits Lesotho are residents of South Africa, which also contributed to the low amount of average receipt per arrival for the country.

Lesotho ranks 4th in average receipt per arrival, at USD20 spent per tourist arrival**.

Average Receipt Per Arrival (2013 – 2017)

USD



Source : World Bank, LTDC Arrival and Accommodation Statistics 2017.

Note : *Botswana CAGR is for 2013-2016 due to 2017 data not being available.

** Lesotho’s Visitor Exit Survey 2016-2017 lists average expenditure per person per night at M862 (USD63.29, at USD1 = M13.62).

The National Tourism Masterplan, World Economic Forum Travel and Tourism Competitiveness Report and NSDP II all concurs on the importance of the private sector playing the key driver in developing and growing the sector to better contribute to the Lesotho economy.

1. The Ministry of Tourism, Environment and Culture's National Tourism Master Plan has identified the private sector to be the prime 'driver' of economic growth and pegs it as the major employer in tourism and its related businesses. One of the ways the Government intends to facilitate private sector participation in tourism is by removing itself from competing with the private sector by ceasing management or operations of commercial businesses within the Tourism and Creative Industries sector. To this end, MTEC is in the process of disposing its remaining tourism holdings and assets either by sale, lease or management contracts through relevant Public-Private Partnership Policies (PPPs).
2. The Travel & Tourism Competitiveness Report 2017 calls for better collaboration between governments, international institutions and the private sector.
3. The NSDP II document focuses on economic and institutional transformation to facilitate job creation led by private sector.
4. Within the Tourism and Creative Industries sector, MTEC encourages the formation and/or engagement of businesses in tourism activities provided that they are constituted and operated in accordance with legislation and are duly registered.

Source: Lesotho National Tourism Master Plan, The Travel & Tourism Competitiveness Report 2017, National Strategic Development Planning

However, currently no incentives are made available to encourage and incentivise the private sector to actively participate and invest in developing the Tourism sector.

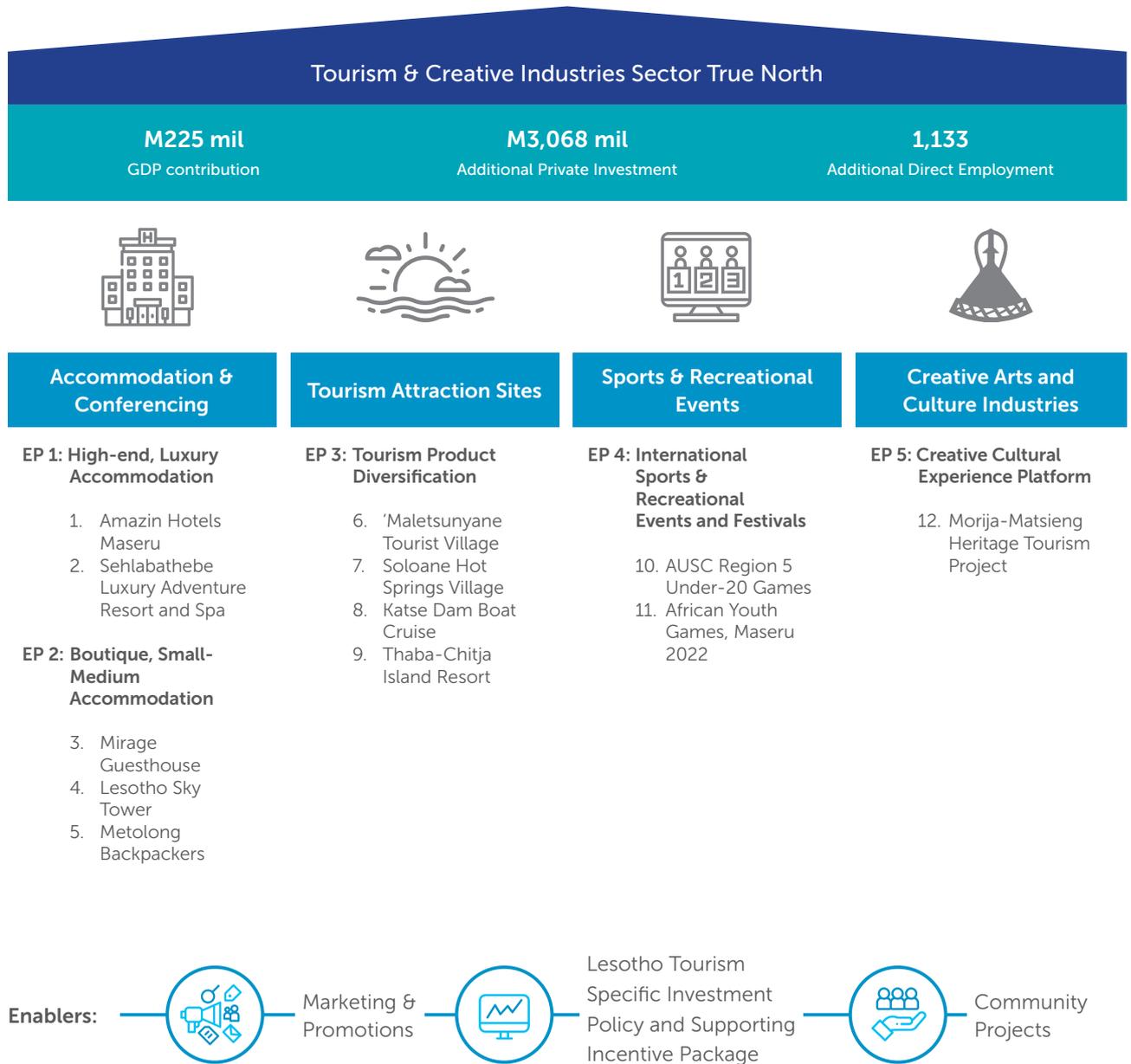
In addition, banks and financial institutions currently have low confidence in investing or providing loans for the Tourism and Creative Industries sector, especially the micro, small and medium enterprises (MSMEs).

This is a gap that needs to be immediately addressed to further facilitate, fast track and catalyse tourism development projects driven by private sector in the Tourism and Creative Industries sector, within the NSDP II implementation time frame. The provision of good incentives will also demonstrate the Government's commitment to attract private sector players to invest in Lesotho's Tourism and Creative Industries Sector sector.

Establishing the Sector’s True North

The Tourism and Creative Industries sector aims to contribute M225 mil in GDP by 2022/23 by unlocking M3,068 mil in private investments, and creating an additional 1,133 direct employment.

This is driven by 12 projects through 5 Entry Points (EP) across 4 Sub-Sectors and 3 Enablers.



Entry Point Projects

A. Accommodation & Conferencing

Entry Point 1: Developing High-end Luxury Accommodation

Overview

Currently, there are limited luxury accommodation offerings in Lesotho, with most hotels falling under the 3 to 4-star range. This EP diversifies accommodation choices in Lesotho by enhancing its premium accommodation offering to serve higher value tourists coming into Lesotho.

Project 1: Amazin Hotels Maseru

Amazin Hotels, a South African hotel development company in partnership with Opulent Investment (Lesotho), aims to build a hotel and a lifestyle center on the Government land next to the 'Manthabiseng National Convention Centre.

The project is divided into two phases.

- Phase 1 involves the development of an upper-midscale hotel of approximately 140 hotel rooms.
- Phase 2 involves the development of a lifestyle entertainment centre shell to accommodate up to 5 restaurants to offer a variety of international and local cuisine.

Implementation for this project is expected to be completed by April 2021.

Project Owner	<ul style="list-style-type: none"> • Amazin Hotels
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Tourism Development Corporation • Ministry of Finance • Ministry of Public Works and Transport

Project 2: Sehlabathebe Luxury Adventure Resort and Spa

Ancient Well Holdings plan to build a luxury adventure golf and spa estate near the Sehlabathebe National Park. This development includes a 4-to-5-star boutique hotel with up to 300 rooms.

Implementation for this project is expected to be completed by March 2023.

Project Owner	<ul style="list-style-type: none"> • Ancient Well Holdings
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Ministry of Education and Training • Ministry of Public Works and Transport • Lesotho Tourism Development Corporation

Entry Point 2: Diversifying Accommodation Offerings with Boutique and Small, Medium-sized Developments

Overview

Lesotho currently lacks diversity in its accommodation offerings for tourists, as such EP 2 focuses on increasing small to medium-sized boutique accommodations to cater to varying tourist budgets and experience preferences.

Project 3: Mirage Guesthouse

This development involves a conversion of a student commune into an 18-room guest house. Facilities include a conference hall, bar facility and reception. Phase 1 (rooms) is anticipated to be completed in June 2019 and Phase 2 will begin in 2022.

Implementation for this project is expected to be completed by November 2019.

Project Owner	<ul style="list-style-type: none"> • Mirage Guesthouse
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Tourism Development Corporation • Water and Sewerage Company

Project 4: Lesotho Sky Tower

The Lesotho Sky Tower will be developed into a 3-4-star business hotel in Phomolong.

The development will comprise a retail ground floor, 200-bed hotel, a gym, three floors of conferencing facilities and one floor of apartments.

Once completed, it will be the tallest building in Lesotho.

Implementation for this project is expected to be completed by September 2022.

Project Owner	<ul style="list-style-type: none"> • Landmark Developments
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Tourism Development Corporation • Ministry of Finance • Ministry of Development and Planning

Project 5: Metolong Backpackers

The Metolong Backpackers Project involves the construction of a recreational hall and an outdoor sporting facility. It also includes expansion of kitchen facilities, a reception, guardhouse and two additional bedrooms at an existing accommodation situated near the Metolong Dam.

Implementation for this project is expected to be completed by April 2020.

Project Owner	<ul style="list-style-type: none"> • Metolong Backpackers
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Tourism Development Corporation

B. Tourism Attraction Sites

Entry Point 3: Unlocking Lesotho’s Tourism Potential by Tourism Product Diversification to Enhance Tourist Experiences.

Overview

While the heart of tourism attraction in Lesotho is strongly tied to nature and scenery, its tourism potential is not fully unlocked. This EP focuses on developments that will create activities at existing environmental attractions to create more exciting and animated tourism experiences for visitors. This will be one of the avenues to increase tourist spend and receipt in Lesotho.

Project 6: ‘Maletsunyane Tourist Village

The ‘Maletsunyane Tourist Village project involves the establishment of a 60-bed accommodation, with an option to expand near the ‘Maletsunyane Falls at Semonkong. It will be equipped with self-catering services, private ablution services, a restaurant/food court that serves a variety of cuisines at different intervals, a massage parlor, and a beauty spa.

Implementation for this project is expected to be completed by March 2021.

Project Owner	<ul style="list-style-type: none"> • Kananelo Pty Ltd
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Tourism Development Corporation • Lesotho Highlands Development Authority • Land Administration Authority • Land Management Department

Project 7: Soloane Hot Spring Village

Soloane Hot Springs Village is situated in the district of Mokhotlong. The development plans to offer up to 60-bed of accommodation, equipped with self-catering services, private ablution services and a restaurant/food court that will serve a variety of food cuisines at different intervals.

Among the attractions is bird watching and activities such as electronic surfing/stand up paddle boarding will be considered as well.

Implementation for this project is expected to be completed by November 2022.

Project Owner	<ul style="list-style-type: none"> • Kananelo Pty Ltd
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Tourism Development Corporation • Lesotho Highlands Development Authority

Project 8: Katse Dam Boat Cruise

The project aims to establish family friendly, daily cruise tours with a few stop-overs en route the Katse Dam.

Tourists will have a chance to visit the various commercial activities along the Katse Dam, in support of ancillary activities that are available. The cruises will give tourists the chance to dine, dance and catch spectacular views of the dam and surrounding mountains from the cruise deck.

Implementation for this project is expected to be completed by September 2020.

Project Owner	<ul style="list-style-type: none"> • Kananelo Pty Ltd
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Tourism Development Corporation • Lesotho Highlands Development Authority • Lesotho Highlands Water Commission

Project 9: Thaba-Chitja Island Resort & Wellness Centre

During construction of the Mohale Dam, the Ministry of Tourism, Environment and Culture developed an infrastructure then known as Thaba-Chitja Mountain, which is now an island. In addition to rebuilding the infrastructure that was damaged by fire back in 2017, there are intentions to now develop the following:

- i. Island Resort
 - New central facilities such as reception, restaurant, bar, conference area, and a library
 - Development of a honeymoon suite and two luxurious presidential suites
 - Circular golf cart/cycle/pedestrian pathways
 - Sunset and stargazing spots, a legotla (meeting place) and bush braai area
- ii. Wellness Centre
 - A stand-alone facility with its own accommodation, central facility and support services.
- iii. Botanical Gardens
 - To showcase alpine wildflowers, rare and endangered species endemic to the area
- iv. Mohale Dam Boat Launch Facility
 - Upgrade the launch facilities on the mainland

Implementation for this project is expected to be completed by October 2022.

Project Owner	<ul style="list-style-type: none"> • GLE Investments (Pty) LTD
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Lesotho Highlands Development Authority • Lesotho Highlands Water Commission • Lesotho Tourism Development Corporation

C. Sports and Recreational Events

Entry Point 4: International Sports, Recreational Events & Festivals

Overview

This EP aims to unlock the potential of sports and recreational activities as one of the key drivers to attract new and repeat tourists into Lesotho. Lesotho will play the Host Country to two upcoming international Olympic-grade Youth Sporting Events; AUSC Region 5 Under-20 Games, and the African Youth Games Maseru 2022.

Project 10: AUSC Region 5 Under-20 Games in 2020

Lesotho will play host to the African Union Sports Council (AUSC) Regional Under-20 Youth Games in December 2020. It is a biennial game that aims to promote African Union collaboration through sports, specifically with youth participation.

Ten Southern Africa Development Community countries with 1 other country will be competing in 11 different sporting codes within the vicinity of Maseru, from 4th - 13th December 2020. A total of 4,500 athletes and officials will participate in the games.

Organisation of the AUSC Region 5 Youth Games involves a diverse and exclusive management of operations to facilitate successful hosting of the Games in 2020.

Implementation for this project is expected to be completed by December 2020.

Project Owner	<ul style="list-style-type: none"> • Ministry of Gender, Youth, Sports and Recreation (Local organising committee)
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Ministry of Development Planning • Ministry of Education and Training • Ministry of Public Works and Transport • Ministry of Finance

Project 11: African Youth Games, Maseru 2022

Lesotho will be hosting the 4th ANOCA African Youth Games 2022 in Maseru, from February to March 2022. Over 4,500 athletes and officials from 54 African countries will be participating in this sport competition that will be held over a period of 10 days.

Implementation for this project is expected to be completed by October 2022.

Project Owner	<ul style="list-style-type: none"> • Ministry of Gender, Youth, Sports and Recreation
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Ministry of Finance • Ministry of Development Planning

D. Creative Arts and Culture Industries

Entry Point 5: Creative Cultural Experience Platform

Overview

Lesotho's unique culture is one of the key features of the tourism experience in Lesotho. However, the industry and its players are operating at a small scale and informally compared to the other Tourism sub-sectors in the country.

This EP aims to identify platforms that will help catalyse and enable the creative and cultural industry of Lesotho to strengthen its cultural offering while ensuring sustainable preservation and presentation of the country's rich heritage.

Project 12: Morija-Matsieng Heritage Project

The Morija-Matsieng Heritage Project is a development of a premier heritage cluster which will build upon existing platforms through collaboration with a range of stakeholders via the Seriti sa Makhoarane (SSM) Network, as well as enhanced partnerships with the government and the private sector.

It involves the development of the Royal Archives Museum; an extension of the existing Morija Museum, as well as upscaling the Morija Arts Centre. The Morija Arts Centre is planned to be upscaled to a vibrant hub for skills training in art/craft as well as incubation for small creative business ventures. Provisions will be made for secure, affordable workplaces for creative entrepreneurs to build their businesses and collaborate with one another.

The four key heritage villages that are the focus of the project are Morija, Phahameng, Makeneng and Matsieng and this includes extensive restoration and preservation works of these villages.

Implementation for this project is expected to be completed by March 2023.

Project Owner	<ul style="list-style-type: none"> • Seriti sa Makhoarane Heritage and Tourism Initiative
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Ministry of Development Planning • Ministry of Education and Training • Ministry of Public Works and Transport • Lesotho Tourism Development Corporation

Morija-Matsieng: Building a Cultural Hub for Lesotho's Heritage

The Morija-Matsieng Heritage Tourism Project entails the development of a premier tourism destination, which encompasses the villages of Morija, Phahameng, Makeneng and Matsieng as well as the surrounding communities and natural features. Multiple stakeholders within both the public and private sectors are collaborating in this undertaking via the Network created by the Seriti sa Makhoarane Heritage & Tourism Initiative (SSM).

The nature of the Morija-Matsieng Heritage Tourism Project is multi-pronged: the preservation of the outstanding heritage of the three Royal Villages, Morija and Selibeng sa Thuto, also serves as a base for catalysing the growth of creative and cultural industries, and other forms of investment, both private and public, in the Makhoarane area. This project will make a significant contribution to the enhancement and animation of the tourism landscape of Lesotho, specifically adding greater texture and value to the cultural experience offered to tourists visiting the country.

'Maneo Ralebitso from the Royal Archives and Stephen Gill from the Morija Museum, two of the key stakeholders who participated in the Tourism Lab process, are highly impressed by the methodology of the Lab, which motivates project owners to anticipate various factors in the development of their projects, especially in pushing for the investment contribution of private partners.

According to Ralebitso and Gill, the Inter-Ministerial Dialogue that took place during the Lab would not have been possible outside of the Lab environment. The Inter-Ministerial session, involving senior officials from the 11 affected Ministries, followed by an excursion to Morija-Matsieng, created the platform for a sharing of concerns. "With the support of the affected Ministries, various obstacles can be overcome, thus greatly assisting in the realisation of this project," stated Gill. The clear, high level support from the government is seen as one of the key advantages of the Lab. Ralebitso finds that the Lab process encourages participants to push for more, beyond business-as-usual.

The challenge is to sustain this process after the Labs, and that needs commitment and perseverance from a whole range of both private and public actors. Gill believes that if the process can be sustained for two years, it will become a system that is self-sustaining in the long term, beyond the four-year ambit of the NSDP II.

E. Enablers

Enabler 1: Marketing & Promoting Lesotho Internationally as a Key Tourist Destination

A critical enabler to ensure the growth of Lesotho's Tourism and Creative Industries sector is the development and implementation of a strategic Marketing and Promotions plan to build awareness of Lesotho as a desired tourism destination, both regionally and internationally.

Lesotho Tourism Development Corporation (LTDC) is the implementing agency of Ministry of Tourism, Environment and Culture and one of its primary mandates is to continuously promote Lesotho as a desired tourism destination to its target consumer markets.

Its strategic marketing team has outlined avenues to facilitate marketing and promotions work, in the context of addressing a major constraint in executing their mandate - the year-on-year reduction on LTDC's budget allocation to robustly pursue a holistic marketing and promotions programme to promote Lesotho.

The first avenue is planning and budgeting marketing and promotion activities. This will entail the development of a marketing and promotions strategy and detailed content plan. It will also include budget allocations to execute a comprehensive campaign for regional and international target markets.

1. Marketing & Promotions Planning & Budgeting

Lesotho Tourism Development Corporation (LTDC)'s marketing budget reduces by as much as 11.15% annually. Its marketing budget allocated for 2018/2019 was estimated at only M1.3 million. In comparison, countries such as Zimbabwe, Botswana, Namibia, and Tanzania hold marketing budgets that range between USD8 million to USD10 million. As for Eswatini, a country comparable in size to Lesotho, its tourism marketing budget is approximately M8 million per year.

Currently, LTDC's tourism promotions work is apportioned into two categories, the first being Tourist promotions and the second being Investment promotions. Approximately 57% of LTDC's budget goes towards participating in international trade fairs such as ITB, World Travel Market, and Indaba. However, Lesotho also receives independent travellers who seldom arrange their travels through agents or intermediaries.

With this, there is little provision left to budget for more effective marketing strategies such as target consumer marketing, and none left for online marketing to promote Lesotho to international tourists. Given that 90% of Lesotho tourists are from within South Africa itself, efforts to promote Lesotho internationally is much needed to attract high-value tourists to encourage higher tourism receipts.

The development of a marketing and promotions strategy and detailed content plan is drafted for 2019/20 – 2022/23, focusing on boosting Lesotho internationally through the development of strategic creative content. This new four-year marketing budget is estimated with a 10-15% projected annual increment to account for relevant costs including media advertising expenditure and inflation. This would bring the total marketing budget requirement to M70 million for over four years.

2. Private Sector Collaboration

The second avenue is establishing a private sector collaboration, where LTDC engages the private sector to mobilise promotional content. It intends to introduce a 1-1 matching grant that will enable LTDC to create and generate new content at half the actual cost, with the support of the private sector content creator, while allowing content creators to retain the intellectual property rights of content created.

This will encourage an effective collaboration with players in the creative industry, empowering and leveraging on trade expertise of content creators and film makers alike to participate and play an active role in tourism marketing for Lesotho.

Implementation for this enabler is ongoing.

Implementing Agency	<ul style="list-style-type: none"> • Lesotho Tourism Development Corporation
Stakeholders	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture • Ministry of Finance

Enabler 2: Catalysing growth in Lesotho's Tourism and Creative Industries sector through the Lesotho Tourism Specific Investment Policy & Supporting Incentive Package

The objective of this policy is to transform the Lesotho tourism industry into one of the most competitive tourism investment destinations in Africa.

This will be achieved through the improvement of tourism business facilitation, infrastructure development, increasing private sector investments in tourism and introducing specific tourism investment incentives, all whilst promoting sustainable tourism development.

The Lesotho Tourism Specific Investment Policy & Supporting Incentive Package is a policy that intends to facilitate investment into the Tourism and Creative Industries sector. Seven policy instruments were identified in this policy to incentivise private sector participation.

1. Tourism Development Fund

Establishment of a fund by setting a tourism levy. This tourism levy shall be used to develop and maintain tourism products and tourism entities through:

- Installment of attractions' signage
- Capacity building of tourism enterprises
- Marketing of tourism destination
- Training of front-liners
- Development and maintenance of attractions sites
- Preservation of attraction sites

MTEC and LTDC will be responsible to ringfence a specific minimum percentage of the fund to be allocated for LTDC's annual marketing budget.

The fund size will grow in tandem with the Tourism and Creative Industries sector's development as well as increased tourist arrivals and activities.

The remaining six policy instruments and investment incentives, when gazetted is expected to further catalyse growth in the Tourism and Creative Industries sector.

2. Business Facilitation Services – Tourism One-Stop-Shop

- Establishment of Tourism Business Facilitation Desk at Ministry of Trade and Industry's One-Stop-Shop

3. Tourism Development Zones

- Proclamation of Tourism Development Zones (TDZ) as special tourism development area

4. Tourism Business Clusters

- Creation of Tourism Business Clusters
 - Provide soft loans for start-up of business clusters
 - Facilitate tourism promotional and marketing activities
 - Short term training activities (duration from weeks to months)

5. Tourism SME Funding

- To facilitate funding assistance for tourism-related SMEs by filling in existing gaps in financing needs by SMEs

6. Public-Private Partnership Incentives

- Facilitate Public-Private Partnership (PPP) agreements on tourism investments e.g. Tourism companies who invest in tourism infrastructure or facilities can avail to a 5% tax deduction

7. Incentives for Local Community Tourism Projects

- Provide incentives for local community tourism investment projects

Implementation for this project is expected to be completed by April 2021.

Implementing Agency	<ul style="list-style-type: none"> • Ministry of Tourism, Environment and Culture
Stakeholders	<ul style="list-style-type: none"> • Lesotho Tourism Development Corporation • Ministry of Finance • Ministry of Trade & Industry

Enabler 3: Unlocking Community-Based Tourism Projects

This enabler aims to ensure that good potential tourism ideas generated from Basotho are not lost and will be facilitated to fruition.

Approximately seven project ideas submitted through the Lab were identified with the potential to create value in Lesotho’s tourism landscape. Unfortunately, these project owners either lack capital funding and/or the business acumen to execute the project.

The development of these projects can be facilitated through the following four key avenues:

- Business Partnering Matching
- Basotho Enterprises Development Corporation’s (BEDCO) micro, small and medium enterprises (MSME) Development Framework
- Finance Matching Assistance
- Business Plan Facilitation

As the implementing agency of the Ministry of Tourism, Environment and Culture (MTEC), Lesotho Tourism Development Corporation (LTDC) can facilitate the development of these ideas by leveraging on existing avenues and institutions and fostering effective collaboration towards holistically developing the Tourism and Creative Industries sector in Lesotho. These will also be in line with Objective No. 4 of the Southern African Development Community’s (SADC) protocol on Tourism Development states, “To ensure the involvement of small and micro-enterprises, local communities, and women and youth in the development of tourism throughout the region.”

1. Business Matching	2. BEDCO MSME Development Framework	3. Financing Matching Assistance
<ul style="list-style-type: none"> • Some project ideas were generated from land owners with no business experience • Some businesses /developers are struggling to find/secure appropriate land for their projects • LTDC can play a proactive role in facilitating business matching between two parties 	<ul style="list-style-type: none"> • The programme selects high potential companies with business expansion or diversification in mind, and assists them in the areas of access to finance and market • BEDCO will monitor and problem-solve challenges faced by the pilot companies related to financing and market access 	<ul style="list-style-type: none"> • MTEC and LTDC as the authority of Lesotho’s tourism and creative industries sector will have access to financial institutions, development banks, development partners and local and foreign investment houses to facilitate this process between project owners and financiers • The Tourism Development Fund under LTDC, once established and has completed its minimal first full year collection, can potentially be a financing avenue for community-driven tourism projects

Implementation for this project is ongoing.

Implementing Agency	<ul style="list-style-type: none">• Lesotho Tourism Development Corporation
Stakeholders	<ul style="list-style-type: none">• Ministry of Tourism, Environment and Culture• Ministry of Finance• Basotho Enterprises Development Corporation• Financial Institutions

Governance

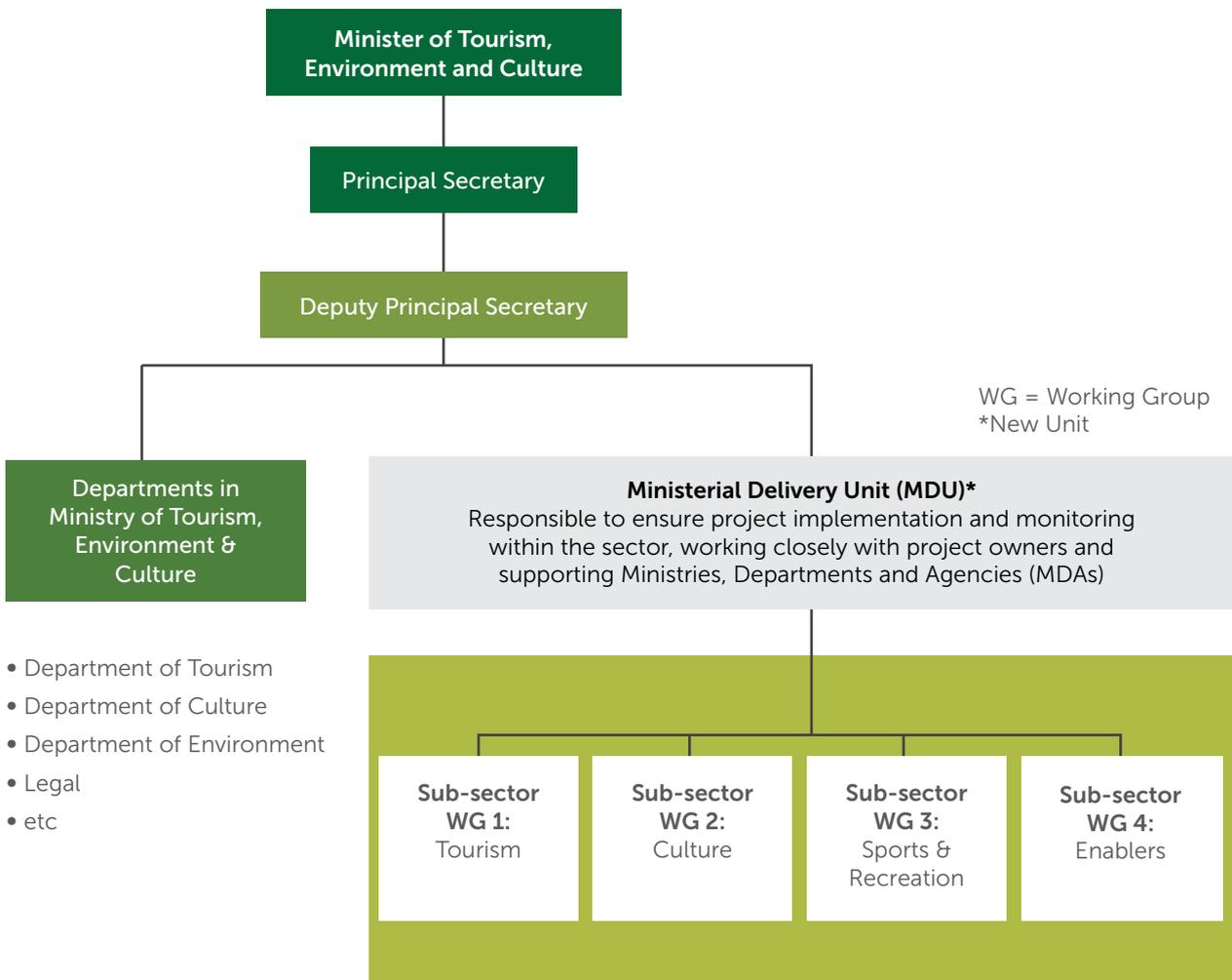
To ensure the set goals are realised, Lesotho will establish a Ministerial Delivery Unit (MDU) in the MTEC for the implementation of its NSDP II plans and projects.

The prioritised projects will be organised by four sub-sector working groups to allow for more focused and efficient monitoring and problem solving:

- 1) Tourism
- 2) Culture
- 3) Sports & Recreation
- 4) Enablers

Overall Governance Structure

PROPOSED STRUCTURE

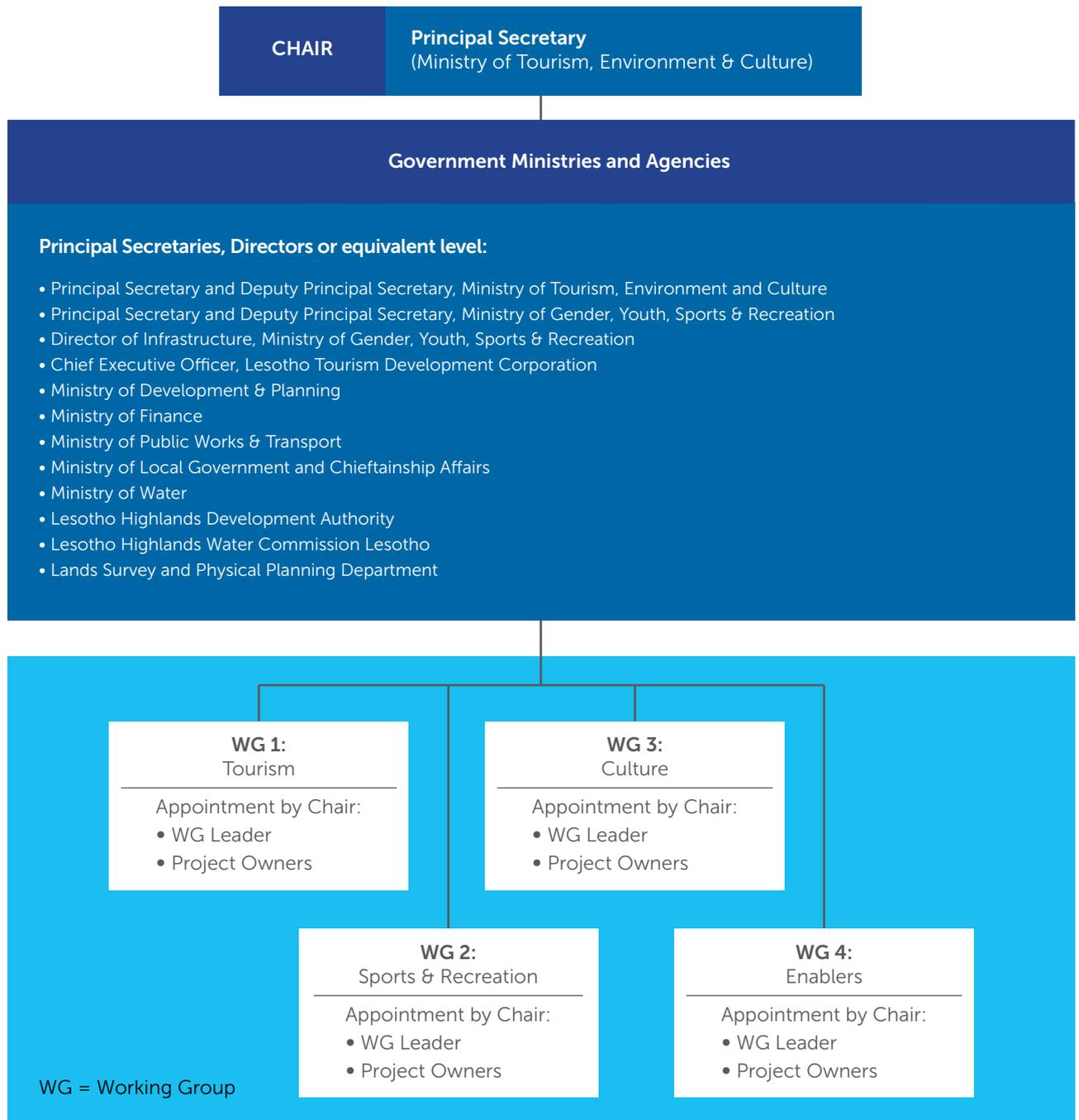


The proposed performance monitoring and problem-solving structure within the Tourism and Creative Industries sector governance structure will ensure that the project owners implement their respective projects according to the set timelines and KPIs.

Sub-sector Working Groups will be formed based on their respective pre-existing scope for effective problem-solving.

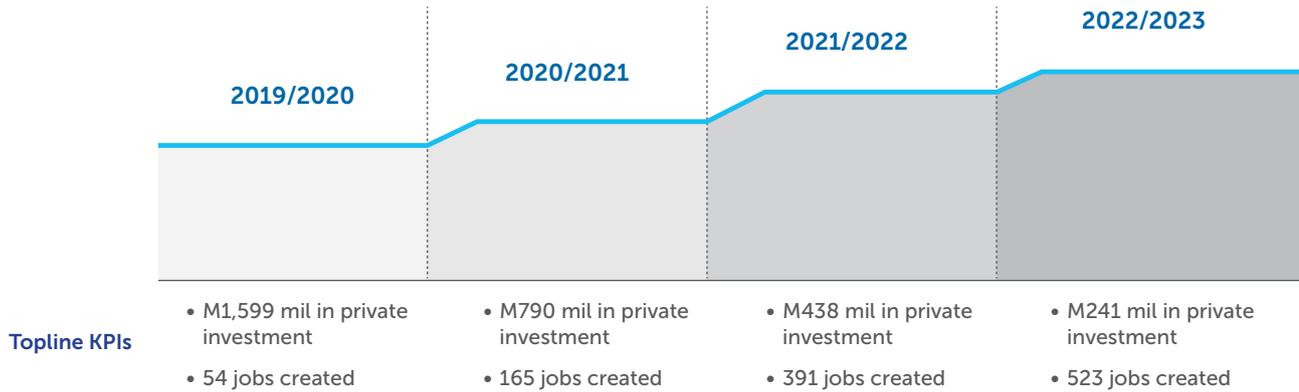
Ministerial Delivery Unit (MDU) Structure

PROPOSED STRUCTURE



Measuring Transformation

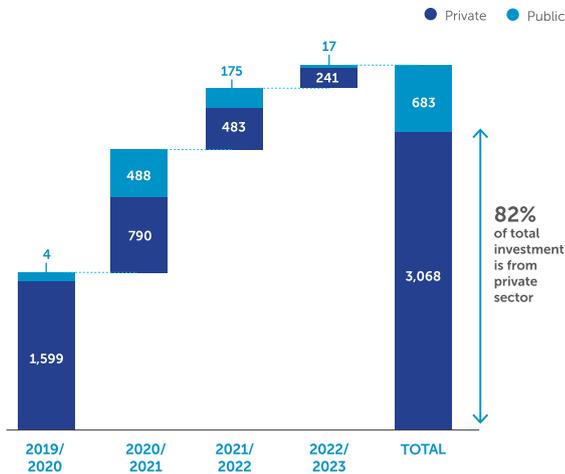
Clear Key Performance Indicators (KPIs) have been established to **monitor the performance of each project and to ensure accountability right up to 2023**. These amount to the overall topline KPIs for the sector.



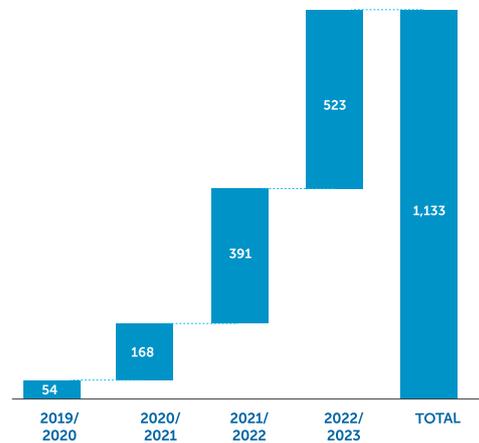
Tourism and Creative Industries Sector Impact

By the end of FY 2022/2023, an **additional M3.1 billion in private investment is expected to be realised**, and an **additional 1,133 direct jobs are expected to be created** under the Tourism and Creative Industries sector.

Total Private Investment
M mil



Direct Jobs
Number



Public investment required from Private Public 2018/2019 to 2022/2023 is M683 mil

Note : Indirect jobs consist of short-term employment during construction and commissioning period; Total indirect jobs created from 2018/2019 to 2022/2023 is 1,657.

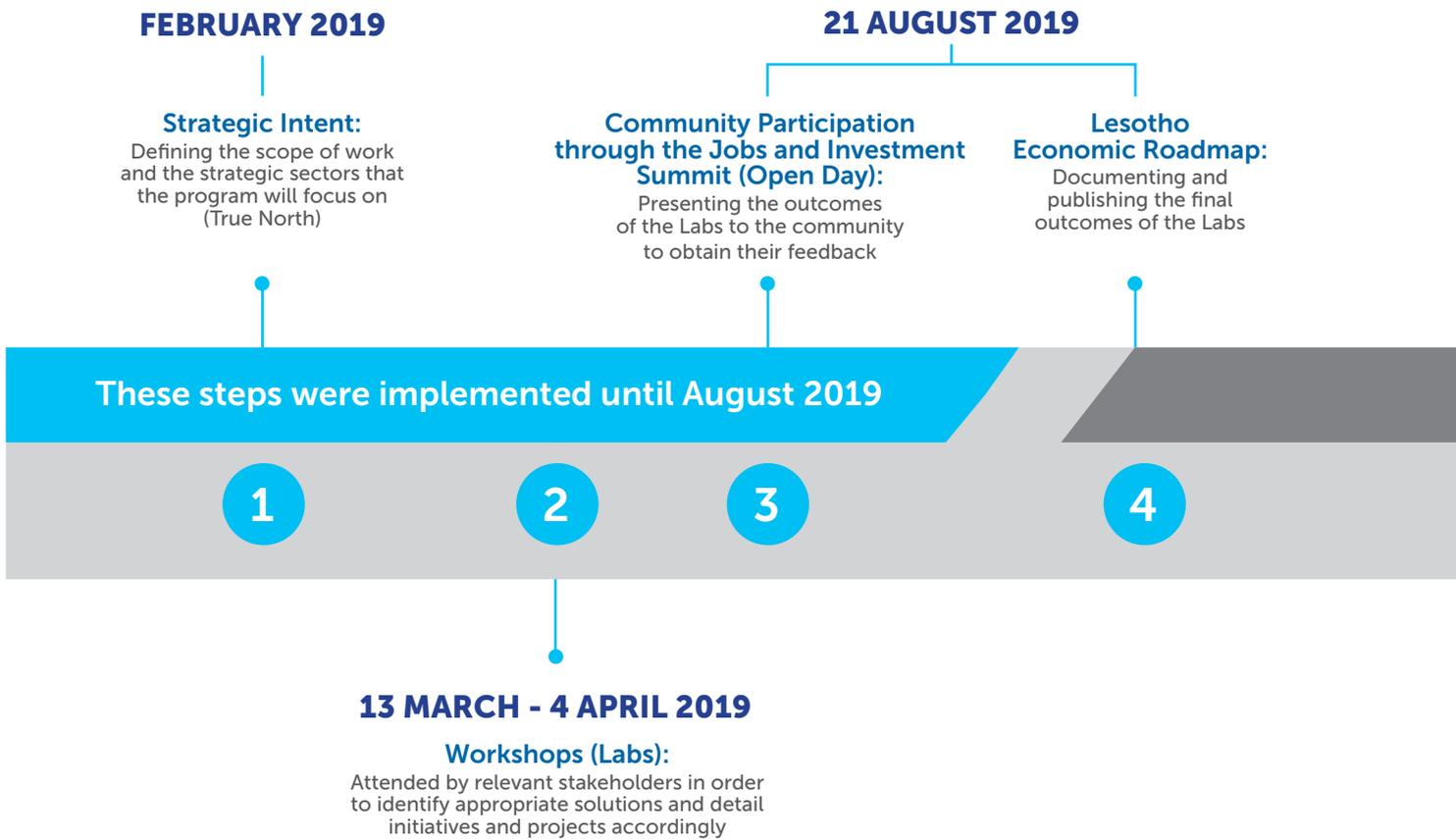


Over the Horizon

OVER THE HORIZON

To achieve these set of aspirations and impactful outcomes as outlined in the preceding pages of this Roadmap, it is highly essential and critical that the Government of the Kingdom of Lesotho takes advantage of this momentum resulting from both public and private sector buy-in, to move into the implementation phase.

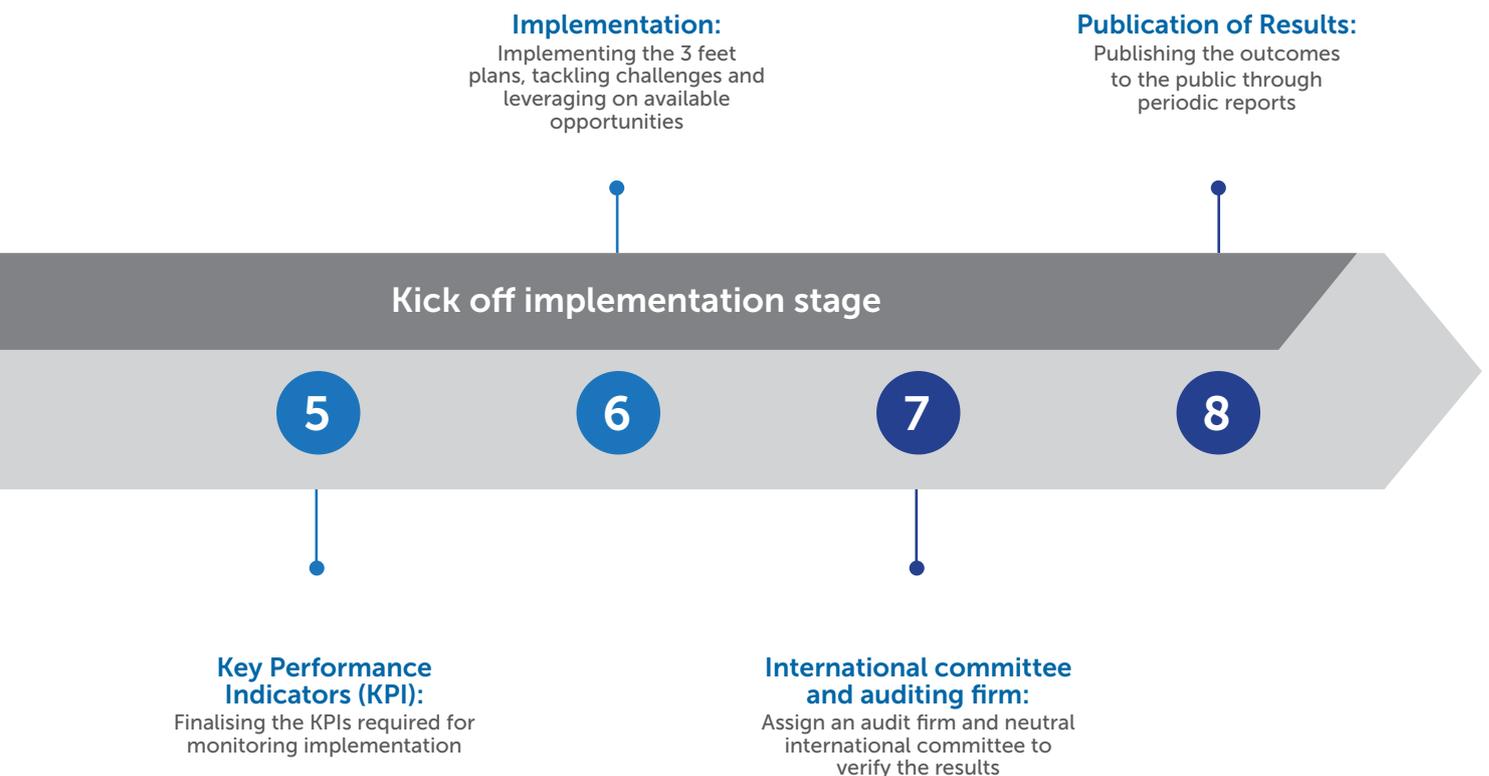
The implementation phase will no doubt require recursive action where the initiatives outlined will once again be robustly reviewed to ensure their suitability in the prevailing socioeconomic climate; some initiatives will be implemented as planned, some will require adjustments to adapt to the changing trends and needs, while some new initiatives will be added on to spur growth.



In this crucial stage, all stakeholders, supervisory bodies, project owners, and investors must intensify their efforts to transform and drive Lesotho’s economy forward. All Basotho will have a role to play here, being a major partner in this planned economic growth.

What remains clear is the trajectory that the Government of the Kingdom of Lesotho is taking – to improve the socioeconomic climate of the country, promoting and increasing private sector investment and thereby, driving job creation for the benefit of all citizens.

● Finished ● In progress ● Has not started





Glossary & Lab Participants

GLOSSARY

Abbreviations	Full
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
ATS	Appropriate Technology Services
AUC	African Union Commission
B2G	Business to Government
BEDCO	Basotho Enterprises Development Corporation
BFR®	Big Fast Results ®
BPO	Business Process Outsourcing
CAADP	Comprehensive Africa Agriculture Development Programme
CAGR	Compound Annual Growth Rate
CBD	Central Business District
CBL	Central Bank of Lesotho
CBS	Computer Business Solutions
CDB	China Development Bank
CDU	Central Delivery Unit
CEO	Chief Executive Officer
CIO	Chief Information Officer
CMT	Cut, Make, Trim
COMTRADE	United Nations Commodity Trade Statistics Database
DG	Director General
DPS	Deputy Permanent Secretary
DST	Department of Science and Technology
DStv	Digital Satellite Television
DTT	Digital Terrestrial Television
DU	Delivery Unit
EASSy	East Africa Submarine Cable System
EBA	Everything But Arms
EIA	Environmental Impact Assessment
EP	Entry Point
ETL	Econet Telecom Lesotho
EU	European Union
FAO	Food and Agriculture Organisation

Abbreviations	Full
FDI	Foreign Direct Investment
FTA	Free-To-Air
FY	Financial Year
GB	Gigabyte
GDP	Gross Domestic Product
GII	Global Innovation Index
GMP	Good Manufacturing Practice
GoL	Government of Lesotho
HACCP	Hazard Analysis and Critical Control Points
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IFMIS	Integrated Financial Management Information System
ILO	International Labour Organisation
IMF	International Monetary Fund
IP	Intellectual Property
IR4.0	Fourth Industrial Revolution
IT	Information Technology
ITB	Internationale Tourismus-Börse
ITC	International Trade Centre
ITU	International Telecommunications Union
IWTO	International Wool Textile Organisation
KPA	Key Priority Area
KPI	Key Performance Indicator
LAA	Land Administration Authority
LBS	Lesotho Bureau of Statistics
LCA	Lesotho Communication Authority
LEAP	Limkokwing Entrepreneurship Accelerator Platform
LEC	Lesotho Electricity Company
LECC	Lesotho Electricity Company Communications
LECOSAA	Lesotho Copyright Association of Africa

Abbreviations	Full
LENA	Lesotho News Agency
LEWA	Lesotho Electricity and Water Authority
LHDA	Lesotho Highlands Development Authority
LHWC	Lesotho Highlands Water Commission
LMDA	Lesotho Millennium Development Agency
LNBS	Lesotho National Broadcasting Service
LNDB	Lesotho National Dairy Board
LNDC	Lesotho National Development Corporation
LRA	Lesotho Revenue Authority
LSNIC	Lesotho Network Information Centre
LTDC	Lesotho Tourism Development Corporation
LTV	Lesotho Television
LUCT	Limkokwing University of Creative Technology
M	Maloti
MAFS	Ministry of Agriculture and Food Security
MCC	Millennium Challenge Corporation
MCC	Maseru City Council
MCI	Mohloli Commercial Investment PTY LTD
MCST	Ministry of Communications, Science and Technology
MD	Managing Director
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goal
MDP	Ministry of Development Planning
MDU	Ministerial Delivery Unit
ME	Ministry of Education
MEM	Ministry of Energy and Meteorology
MFRSC	Ministry of Forestry, Range and Soil Conservation
MGYSR	Ministry of Gender, Youth, Sports and Recreation
MH	Ministry of Health
MLE	Ministry of Labour and Employment
MLGC	Ministry of Local Government and Chieftainship
MLGCA	Ministry of Local Government and Chieftainship Affairs

Abbreviations	Full
MMI	Moremoholo Milling Investments PTY LTD
MOET	Ministry of Education and Training
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MPPS	Ministry of Police and Public Safety
MPS	Ministry of Public Service
MPWT	Ministry of Public Works and Transport
MSBDCM	Ministry of Small Business Development, Cooperatives and Marketing
MSME	Micro, Small and Medium Enterprises
MTEC	Ministry of Tourism, Environment and Culture
MTI	Ministry of Trade and Industry
MW	Ministry of Water
NBFI	Non-Bank Financial Institution
NCIR	National Centre for Innovation and Research
NEPAD	New Partnership for Africa's Development
NSDP	National Strategic Development Plan
NSS	National Security Service
NUL	National University of Lesotho
OBFC	One-Stop Business Facilitation Centre
OECD	Organisation for Economic Co-operation and Development
OPC	Office of Parliamentary Council
PLA	Potato Lesotho Association
PM	Prime Minister
PPA	Power Purchase Agreement
PPP	Purchasing Power Parity
PPP	Public-Private Partnership
PS	Principal Secretary
PSIC	Public Sector Investment Committee
PSM	Problem Solving Meeting
R&D	Research and Development
RFP	Request for Proposal
RSA	Republic of South Africa

Abbreviations	Full
S&T	Science & Technology
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADP	Smallholder Agriculture Development Project
SAFTA	South African Film and TV Awards
SARS	South African Revenue Service
SC	Steering Committee
SEZ	Special Economic Zone
SME	Small Medium Enterprise
SMS	Short Message Service
SPS	Sanitary and Phytosanitary
SSM	Seriti sa Makhoarane Heritage and Tourism Initiative
STB	Singapore Tourism Board
TV	Television
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNSD	United Nations Statistics Division
UPU	Universal Postal Union
USD	United States Dollar
VAT	Value Added Tax
VCL	Vodacom Lesotho
WASCO	Water and Sewerage Company
WB	World Bank
WFP	World Food Programme
WG	Working Group
WIOCC	West Indian Ocean Cable Company

LAB PARTICIPANTS

Agriculture Sector

No	Participant	Organisation
1	Hon. Mahala Molapo	Minister of Agriculture and Food Security
2	Malefetsane Nchaka	Principal Secretary, Ministry of Agriculture and Food Security
3	Sefefo Khoabane	Ministry of Agriculture and Food Security
4	Mokone Molehe	Ministry of Development Planning
5	Thabiso Ngakane	Ministry of Development Planning
6	Motulu Molapo	Ministry of Development Planning
7	Teboho Matia	Ministry of Development Planning
8	Motebang Mokitimi	Ministry of Development Planning
9	Maseeiso Lekholoane	Ministry of Finance
10	Maselikane Makhemeng	Ministry of Finance
11	Nkoneng Shelile	Ministry of Finance
12	Jannie Willemse	AECI
13	Brian Mwanamambo	African Development Bank
14	Monde Nyambe	African Development Bank
15	Bokang Mokati-Sunkutu	African Development Bank
16	Bheka Manana	Amakharanate
17	Lebohang Matete	Amakharanate
18	Lindy Gill	Amakharanate
19	Matseliso Manana	Amakharanate
20	Mathata Mplea	Aqua Nalane
21	Ntsebeng Rethabile	Aqua Nalane
22	Tsekiso Mohleli	Aqua Nalane
23	David Chele	CAG
24	Molemo Maphasa	FishLand
25	Siphiwe Sibanda	Greyburn Fisheries
26	Sempe Makhaola	Jaja Farmers
27	Relebolihe Lebeta	Land Commissioner
28	Mamorena Nkisi	Land Commissioner's Office
29	Pule Julius Chere	Las Villas Dairy Farm
30	Tsiu Khoeli	Lesotho Dairy Products

No	Participant	Organisation
31	Palesa Monongoaha	Lesotho Highlands Development Authority
32	Semethe Raleche	Lesotho National Development Corporation
33	Rabonoeng Makoa	Lesotho National Development Corporation
34	Marina Bizabani	Lesotho National Development Corporation
35	Mamelo Morojele	Lesotho Tourism Development Corporation
36	Lipuo Nkholi	Limomonane
37	Potsane Malebanye	Loting Trout
38	Libe Moremoholo	M&M Consortium
39	Mofao Phoka	MMP Farming
40	Letlatsa Isdora Kalaila	NDU Fresh Chickens
41	Dr. Makhotsa Lekhooa	North-West University
42	Lipuo Molapo	One-Stop Business Facilitation Centre
43	John Mahasela Nkoko	Potato Lesotho Association
44	Kutloelo Molapo	Potato Lesotho Association
45	Craig Reid	Seed Africa
46	Jack Sorour	SMi Africa
47	Potlako Thabane	SMi Africa
48	Alex Ntlatlapa	SMi Africa
49	Malefetsane Nketekete	Ramela & Associates
50	Tsepo Moshoeshoe	Ratau A02 Community Trust
51	Thabiso Lecatle	Ratau A02 Community Trust
52	Itumeleng	Ratau A02 Community Trust
53	Andrew Makenete	Talana Agricultural Investment Group
54	Seedy Lette	Tau Tsehla

Manufacturing Sector

No.	Participant	Organisation
1	Hon. Habofanoeh Lehana	Minister of Trade and Industry
2	Soaile Mochaba	Principal Secretary, Ministry of Trade and Industry
3	Mothabathe Hlalele	Principal Secretary, Ministry of Public Works and Transport
4	Lerata Pekane	Principal Secretary, Ministry of Small Business Development, Co-operatives and Marketing
5	Mpho Maphika	Ministry of Trade and Industry
6	Phera Lepati	Ministry of Trade and Industry
7	Ketelo Hlehlesi	Ministry of Trade and Industry
8	Khotso Moleleki	Ministry of Finance
9	Makubutu Rakubutu	Ministry of Finance
10	Sekonyea	Ministry of Public Works and Transport
11	Theoli Makhele	Department of Land
12	Ntiea Letsapo	Department of Water Affairs
13	Teboho Kobeli	Afri-Expo Textiles
14	Chen Ke Hui	Artefusion
15	Gordon Yao	Artefusion
16	Makatlheho Julia Mataboee	Basotho Enterprises Development Corporation
17	Tsepiso Mofolo	Basotho Enterprises Development Corporation
18	Mikateko Violet Ndlovu	Bliss Tissue
19	Grace Lin	Chainex/Hippo Knitting
20	Blessing Musarurgwa	Desert Charm Trading 36
21	Steve Richardson	Crabtree
22	Gabriel Hertis	Forward LLC
23	Sefton A Solomon	Intresco Energy
24	Hans Kramer	IX Engineers
25	Makhele	Land Commission
26	Methane	Lesotho Electricity Company
27	Mohato Seleke	Lesotho National Development Corporation
28	Makhakhe	Lesotho National Development Corporation
29	Sematlane	Lesotho National Development Corporation
30	Putsoa	Lesotho National Development Corporation

No.	Participant	Organisation
31	Lebohang Mohau	Lesotho National Development Corporation
32	Mateboho Latela	Lesotho National Development Corporation
33	Mamakoala Pitso	Lesotho Revenue Authority
34	Mathabo Lethunya	Lesotho Revenue Authority
35	Motale Kuleile	Lesotho Revenue Authority
36	Lere Letompa	Maluti Cement
37	Tseliso Nkoetoshe	Maseru City Council
38	Lekhooa Pitso	Matebele
39	Moletsane Mophethe	Mop Tech
40	Ricky Chang	Nien Hsing
41	Nathaniel Maphathe	Phokeng
42	Mamotipi Raletlala	Post Bank
43	Stephen Walker	Prime Enviro
44	Sa Hakane	Seshoeshoe Production
45	Khoto Moji	Standard Bank
46	David Sekhonyana	Strategic Partnership
47	Vijay Harichand	Vishan Clothing
48	Pefole Pefole	Water and Sewerage Company

Technology and Innovation Sector

No.	Participant	Organisation
1	Hon. Thesele Maseribane	Minister of Communications, Science and Technology
2	'Mabotle Damane	Principal Secretary, Ministry of Communications, Science and Technology
3	Matseliso Phafoli	Deputy Principal Secretary, Ministry of Communications, Science and Technology
4	Tsepo Ntho	Ministry of Communications, Science and Technology
5	Mamosehla Letsoela	Ministry of Communications, Science and Technology
6	Mothepane Kotelo	Ministry of Communications, Science and Technology
7	Lira Moeti	Ministry of Communications, Science and Technology
8	Bayete Mahlala	Ministry of Communications, Science and Technology
9	Ramakhula	Ministry of Communications, Science and Technology
10	Kopano Ts'enoli	Ministry of Communications, Science and Technology
11	Khiba Masiu	Ministry of Communications, Science and Technology
12	Hlompho Matsoso	Ministry of Finance
13	Maseeiso Lekholoane	Ministry of Finance
14	Leseli	Ministry of Finance
15	Maliteboho Makuetje	Ministry of Finance
16	Bereng Motsoeneng	Ministry of Finance
17	Leanya	Ministry of Tourism, Environment & Culture
18	Nts'epeng Ts'ita Tikiso	BAM TV
19	Leopard Jin Gui Lin	Basotho Farming Development
20	Patronella Diedricks	BLQINC Art Academy
21	Johnny Diedricks	BLQINC Art Academy
22	Thabiso Sello	Blue Mountain Telecoms
23	Dr. Mohlalefi Sefika	Computer Business System
24	Lebohang Rammea	Computer Business System
25	Dennis Platjies	Econet Telecom Lesotho
26	Lebeko Sello	Econet Telecom Lesotho
27	M. Moeketsi	Econet Telecom Lesotho
28	Nthabise Motjolakane	Econet Telecom Lesotho
29	Zheng Kui	Huawei Lesotho
30	Bokang Molelle	Jr. Chambers Lesotho

No.	Participant	Organisation
31	Letchesa	Khaya Holdings
32	Paul Luanga	Khaya Holdings
33	Motheea Mpharoane	Landlocked Entertainment
34	Ntaote Seboka	Lesotho Chambers of Commerce and Industry
35	Fako Hakane	Lesotho Chambers of Commerce and Industry
36	Elelloang Lesei	Lesotho Chambers of Commerce and Industry
37	Stephen Monyamane	Lesotho Chambers of Commerce and Industry
38	Moshoeshoe Ntaote	Lesotho Communications Authority
39	Tlali M	Lesotho Communications Authority
40	Molupe	Lesotho Communications Authority
41	Tsiu Tsiu	Lesotho Communications Authority
42	Rankobane Mathule	Lesotho Communications Authority
43	Leshele Thasi	Lesotho Electricity Company and Communications
44	Thabiso Nthathakane	Lesotho Electricity Company and Communications
45	Prof. Mahao	National University of Lesotho
46	Dr. Lephoto	National University of Lesotho
47	Manthoto H. Lephoto	National University of Lesotho
48	Motlatsi Ketsi	National University of Lesotho
49	Thabisi Thabisi	Riskscape (Pty) Ltd
50	Dr. Cleopas Sanangura	Thamani Technology
51	Philip Fofie Amoateng	Vodacom Lesotho
52	Molemo Motseki	Vodacom Lesotho
53	M. Mothepu	Vodacom Lesotho
54	H. Makoe	Vodacom Lesotho
55	L. Tlapana	Vodacom Lesotho
56	Taymoon Altamash	Vodacom Lesotho

Tourism and Creative Industries Sector

No	Participant	Organisation
1	Hon. Joang Felix Molapo	Minister of Tourism, Environment and Culture
2	Tieho Mamasiane	Principal Secretary, Ministry of Tourism, Environment and Culture
3	'Maneo Moliehi Ntene	Deputy Principal Secretary, Ministry of Tourism, Environment and Culture
4	Nthoateng Lebona	Principal Secretary, Ministry of Development Planning
5	'Mabataung Khalane	Deputy Principal Secretary, Ministry of Gender, Youth, Sports and Recreation
6	'Mathoriso Monaheng	Deputy Principal Secretary, Ministry of Local Government and Chieftainship Affairs
7	E Senti	Deputy Principal Secretary, Ministry of Police
8	C.M Likoli	Deputy Principal Secretary, Ministry of Water
9	Mannete Seoli	Ministry of Development Planning
10	Mamots'abi Lemeke	Ministry of Development Planning
11	Leutsoa Matsoso	Ministry of Education and Training
12	Thabang Sekoala	Ministry of Education and Training
13	Makhemeng	Ministry of Finance
14	Refuoe Boose	Ministry of Forestry, Range and Soil Conservation
15	Pheko Mashoi	Ministry of Gender, Youth, Sports and Recreation
16	Mokelefa Phamane	Ministry of Gender, Youth, Sports and Recreation
17	Lillo Pitso	Ministry of Gender, Youth, Sports and Recreation
18	T. Hlasa	Ministry of Gender, Youth, Sports and Recreation
19	Thabo Tsiki	Ministry of Gender, Youth, Sports and Recreation
20	Retselisitsoe Tsolo	Ministry of Tourism, Environment and Culture
21	Semela B.Mona	Ministry of Tourism, Environment and Culture
22	Relebohile Maqelepo	Ministry of Tourism, Environment and Culture
23	'Mabolaoane Selinyane	Ministry of Tourism, Environment and Culture
24	'Matsosane Molibeli	Ministry of Tourism, Environment and Culture
25	Tebolo Talasi	Ministry of Water
26	Dr. Mofasi Lekota	Amazin Hotels, Lesotho
27	Isaac Mafooa	Amazin Hotels, Lesotho
28	Keketso Sefeane	Ancient Wells Holdings
29	Morake Raleaka	CEO, AUSC Region 5 Games

No	Participant	Organisation
30	Seedy Lette	GLE Investment
31	Bongani Mthembu	Kananelo
32	Karabo Maitin	Landmark Development
33	'Mako Bohloa	Landmark Development
34	Lewaneka	Lesotho National Development Corporation
35	Mpaiphele Maqutu	Lesotho Tourism Development Corporation
36	Mamello Morojele	Lesotho Tourism Development Corporation
37	Itumeleng Mokupo	Lesotho Tourism Development Corporation
38	Mojalefa Mosoeu	Lesotho Tourism Development Corporation
39	M.Monaheng	Local Government
40	Maphakisane Sekatle	Local Organising Committee
41	Moleboheng Mokobocho	Local Organising Committee
42	Seitebatso Mohlahatsa	Maseru City Council
43	Neo Mokuoane	Mirage Guesthouse
44	Stephen Gill	Morija Museum
45	B.Makotoko	National Security Service
46	Khasapane Kikine	Roads Directorate
47	Maneo Ralebitso	Royal Archives

