REVIEW OF ISTANBUL PROGRAMME of ACTION

ENHANCING PRODUCTIVE CAPACITY

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OUTLINE

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


- Promote private investment in 4 key sectors: Agriculture; Manufacturing; Tourism and creative Industries; Technology and Innovation

**GDP growth rate**

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

<table>
<thead>
<tr>
<th>IPoA Criteria</th>
<th>2014/15</th>
<th>2019/20</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNI per Capita</td>
<td>1,374</td>
<td>1,296</td>
<td>Below Income Only threshold</td>
</tr>
<tr>
<td>HAI</td>
<td>62.9</td>
<td>61.6</td>
<td>Below</td>
</tr>
<tr>
<td>EVI</td>
<td>42.9</td>
<td>42.0</td>
<td>Below</td>
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</tbody>
</table>
## 2. PERFORMANCE IN THE PRODUCTIVE SECTORS – MANUFACTURING AND AGRICULTURE:

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

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<tr>
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<th>Actions</th>
<th>Results / Impact</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Share of employment in industry (% share of total employment)***</td>
<td>40.5</td>
<td>Partial Credit Guarantee Scheme to alleviate access to credit (MoF &amp; LNDC) AGOA Response Strategy (AGOA-RS) GoL is prioritizing digital technologies, particularly e-commerce and e-government applications (GoL-ICT)</td>
<td>Easier access to finance, AGOA-RS and GoL-ICT will in the long run lower business costs, connect markets to suppliers, reduce the regulatory compliance burden, and raise public service quality leading to higher employment in sector.</td>
<td></td>
</tr>
<tr>
<td>Agro Products in new markets (%)</td>
<td>5 (2017)</td>
<td>Potential for niche markets such as essential oils identified and promoted.</td>
<td>Preparations for production of rosehip and medical cannabis products underway</td>
<td></td>
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</table>
3. Towards a Private Sector Driven Economy
   - Big Fast Results (BFR) Methodology

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

**BFR methodology:**

- It is a radical and structured approach incorporating clear diagnosis, planning, implementation, execution and feedback; in a sequence that ensures transparency and accountability during your transformation.
- The Methodology targets interventions towards private sector led initiatives for sustainable job creation and inclusive growth
Towards a Private Sector Driven Economy
- Big Fast Results (BFR) Methodology…

### Inclusive Growth Employment Creation, and Private Sector Driven Economy

<table>
<thead>
<tr>
<th>Sector</th>
<th>Outcome</th>
<th>GDP Contribution</th>
<th>Additional Private Investment</th>
<th>Additional Direct Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Sustainable commercial agriculture</td>
<td>M14,367 mil</td>
<td>M19,933 mil</td>
<td>30,021</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Diversified products and effective business linkages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology &amp; Innovation</td>
<td>Strengthened research for policy making and product development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism &amp; Creative Arts</td>
<td>Diversified tourism products and improved heritage sites</td>
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</tbody>
</table>

#### Sectoral Strategic Outcomes

**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

**Manufacturing**

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

**Technology & Innovation**

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

**Tourism & Creative Arts**

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

**Improved creative arts industry**

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

**Improved use of ICT**

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

### Agriculture Sector

**True North**

**Livestock**

**EP 1: Red Meat**
1. Jaja Farmers Piggery

**EP 2: Dairy**
2. Las Villas Dairy Farm
3. Lesotho Dairy Products Milk Aggregation
4. SMI Africa Dairy Production

**EP 3: Poultry**
5. Ramela & Associates Fenyane Layers Farm
6. Moremoholo Milling Inv Poultry Farm
7. NDU Fresh Chickens Expansion
8. Ratau Hatchery Project

**Crops**

**EP 4: Cereals and Vegetables**
9. MMP Commercial Farming
10. PLA Organic Potato Production
11. M&M Consortium Maize Milling
12. CAG Cotton Farming
13. Ramela & Associates Agrihub
14. Rietfontein Commercial Grains Production
15. Talana Integrated Vegetable Production

**EP 5: Fruits**
16. Amakharanate Pomegranate Farm
17. Limomonane Fruit Production
18. Stargrow Deciduous Fruits Production

**Aquaculture**

**EP 6: Trout**
19. Company XYZ Industrial Aquaculture Project
20. Loting Trout Mohale Dam Trout Farming Project
21. Greyburn Fisheries Mohale Dam Commercial Fishery

**EP 7: Other Fisheries**
22. Fishland Tilapia Project
23. Aqua Nalane Commercial Aquaponics
The Manufacturing sector aims to unlock M10,764 mil in private investment, create additional 13,787 employment and contribute M2,210 mil to the GDP by 2022/2023.

### Manufacturing Sector True North

<table>
<thead>
<tr>
<th>M2,210 mil</th>
<th>M10,764 mil</th>
<th>13,787</th>
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<tbody>
<tr>
<td>GDP contribution</td>
<td>Additional Private Investment</td>
<td>Additional Direct Employment</td>
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#### Textiles, Garment, Leather & Footwear

**EP 1: Textile & Garment Expansion**
1. Expansion of Basotho-Owned Garment Production (AET)
2. Basotho Industrial Workwear Manufacturing (Seshoeshoe)
3. Screen-Printing Operation - Glory International Phase 2
4. Expansion of Chainex/ Hippo Knitting
5. Twilight Clothing Manufacturing
6. Vishan Clothing

#### Advanced Manufacturing

**EP 2: Knowledge-Based Industry**
7. Sekameng Solar Panel Factory
8. Light Truck Assembly Plant
9. Electronics Assembly Plant
10. Moremoholo Solar Power Generation
11. Precast Concrete Factory

**EP 3: Aviation Industry**
12. Aerospace Product

#### Mineral & Water Processing

**EP 4: Construction Products**
13. Cement Blending & Packing

**EP 5: Water Bottling**
14. Phokeng Spring Water Bottling

#### General Manufacturing

**EP 6: Diversified Products**
15. Sanitary Paper Product Manufacturing
16. Paper Production and Processing
17. MSME Development via BEDCO incubation
18. Plastics Packaging and Recycling Plant

**EP 7: Waste Management**
19. Textile Wastewater Treatment Plant
20. Solid Waste Processing Plant
Main and critical challenge faced by Lesotho during implementation period of IPoA are related to Governance
  - Need to prioritize and implement strategies to promote good governance and build effective institutions