



ECONOMIC THEMATIC REPORT

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EXECUTIVE SUMMARY:

RECOMMENDATIONS OF THE THEMATIC AREA NO 6: ECONOMIC AND FINANCIAL REFORMS SYNTHESIZED FROM STAKEHOLDER CONSULTATIONS REPORTS:

This report is based on the observations, discernment, diagnosis and recommendations, including specific suggested courses of action, expressed by the Lesotho stakeholders at various consultative **fora** convened by the National Dialogue Planning Committee (NDPC). It represents extracts from the reports that captured proceedings of those consultation proceedings.

In as far as Economic and Financial thematic area is concerned the thrust of the recommendations of the stakeholders at various consultative **fora** can be catalogued as follows:

1. Ensuring genuine meritocracy, credible accountability structures and processes, transparency, functional institutions, effective oversight and checks and balances in government and all public institutions.
2. Stakeholders want tight controls in place in government and state-owned enterprises operations and their meticulous implementation.
3. Public financial expenditure is expected to prioritize developmental and social welfare activities.
4. Stakeholders have identified procurement in government and in state owned institutions as fragmented, lacking uniformity, full of loopholes that allow corruption and nepotism and thus resulting in bias and undue exclusion. The consequence being payments above standard market prices for mediocre results. The system calls for immediate radical reform. It is to be replaced by a credible, centralized system with harmonized standards that meet exemplary norms.

5. In dealing with transnational corporations' contracts and licensing procedures, especially in the extractive industry, stakeholders demand that international standards be met and should ensure that majority stake-holding is by Lesotho in their Lesotho operations. In the process, to the degree possible, foreign corporations objectively awarded licenses, should partner with local companies.
6. Farmers should be free to market their produce either individually or voluntarily through their own associations and not forced to market through rent seeking boards or government appointed agents.
7. Stakeholders want National Planning Board provided for in Section 85 of the Constitution, to be immediately re-activated. Then when the constitution is being amended the National Planning Board should be elevated to the level of an autonomous National Planning Commission. Bureau of Statistics, Monitoring and Evaluation Department, Planning Policy Analysis Department and the Development Partners Co-ordinating Department, should fall under the National Planning Board and later National Planning Commission. (See Appendix I for details)
8. State owned enterprises and oversight bodies are diagnosed as corrupt, as beset by nepotism and as dysfunctional and therefore call for radical reform.
9. Expeditious adoption of, and compliance with, the Mohlomi Code in corporate governance, which is yet to be enacted, should go some way in addressing these shortcomings and ensuring meritocracy. The Code will ensure standardized corporate governance system that ensures meritocracy, transparency and accountability.
10. There are institutions needed for enabling and nurturing development and smooth functioning of the private sector. Some are already in the pipeline. Others exist but need to be strengthened and refocused. They are listed in the table below. Expeditious implementation is required.

11. Directorate of Corruption and Economic Offences (DCEO) needs to be capacitated and re-invigorated in order to cope with its enormous task of effectively dealing with currently rife corruption.
12. There is need to fill the vacuum prevalent in the management of public assets. Establishment of an autonomous Public Assets Management Authority would be timely.
13. There is a need for an umbrella body that ensures compliance with meritocracy, accountability, transparency and quality service delivery by public enterprises.
14. Follow strategies advanced in this report in order to put the national economy back on track on the path of prudent and disciplined management of public finances, accelerated inclusive growth rate of the real economy, and strong sustainable people centered socio – economic development.

Economic and Financial Management Policies

Policy	Broad Objectives and Main Tenets	Timescale
Private sector-led growth strategy	Move growth drivers from government projects to private enterprise which is more sustainable and employment friendly.	Medium term
Fiscal consolidation strategy	Maintain Macroeconomic stability - Initially, to reduce the wages bill and establish fiscal rules; maintain primary budget balance; institute public expenditure reviews; reduce tax expenditures; elaborate domestic resource mobilization strategy; and, digitalization of revenue administration	Short – Medium term
Agriculture Transformation Policy	Seek food security, commercialization, technological transformation, research and development; access value chains to support youth and women agri-preneuers	Medium to Long term
Industrialization policy	To add value to primary output from agriculture and natural resources	Medium to long term
Employment Policy	To grow manpower supply so as to match market demand	Medium term
Policy (Cont'd)	Broad Objectives and Main Tenets	Timescale

Trade Policy	Export diversification (product lines and markets), sharpen promotion and competition strategies aligning with international best practice	Medium term
Youth Policy	Economic empowerment: Entrepreneurship, training, apprenticeship, supported enterprise start-ups	Medium term
Women and Gender	Enable active participation and foster economic empowerment	Short – Medium term
Environment Policy	Effective environmental protection, conservation and active pursuit of sustainability under SDGs	Medium term
Review Investment Code	Review and update investment code based on international best practices	Short Term
Decentralization Policy	Urgent attention to the changing demographics – rural to urban migration	Medium Term



State Institutions to be Established or Reinvigorated

S/N	State Institution	Establish	Reinvigorate	Timescale
1.	Economic Advisory Council	✓		Medium Term
2.	National Planning Board switched Commission		✓	Medium Term

3.	Science, Technology and Innovation for Development Programme	✓		Short Term
4.	Public Service Commission		✓	Medium Term
5.	National Manpower Development Secretariat to be moved to either the Ministry of Education and Training or Ministry of Labour and Employment		✓	Medium Term
6.	National Public Enterprise Authority	✓		Medium Term
7,	Pubic Assets Management Authority	✓		Medium Term

Institutions in Support of Private Sector to be Established or Reinvigorated

	Institution	Establish	Reinvigorate	
1.	Basotho Enterprises Development Corporation		✓	Medium Term
2.	Bureau of Standards	✓		Medium Term
3.	Productivity Center	✓		Medium Term
4.	Competition and Consumer Protection Agency	✓		Medium Term
5.	Entrepreneurship Centre including Business Advisory Services	✓		Medium Term
7.	One Stop Business Facilitation Center		✓	Short Term
8.	Lesotho Diaspora Forum	✓		Medium Term

Administrative Reforms

All administrative reforms pertaining to Economic and Financial management are performance related and should be implemented in the short term.

1.0 INTRODUCTION

The Economy Thematic Area break-away group of the Stakeholders Dialogue Plenary I and its Extension, In – District hearings, written submission reports and diaspora consultations during the last few months diagnosed worsening malfunction of the economy as one of the major root causes of national tensions, strife, insecurity and instability.

It was observed that a litany of factors underlie this phenomenon. They include, among others, disabled participatory planning, monitoring and evaluation as well as review provided for in the Constitution, lackluster macro-economic and financial management, mismanagement of national natural resources, abuses in procurement, poor governance with compromised transparency and accountability, emasculated rule of law, captured state institutions, unattractive investment climate and lack of competitiveness (= ease of doing business), neglect of the legitimate needs of the private sector, absence of some key institutions to service the private sector. These account for, in large measure, lacking robust, sustained and inclusive economic growth, a core requisite for strong, sustainable, people centered socio – economic development. This situation manifests itself in the form of spreading and deepening abject poverty, high and still rising rate of unemployment, maldistribution of income and wealth, deteriorating government and state owned enterprises service delivery, deepening corruption, nepotism and politicization in employment and dispensing of services. This malaise has led to tensions, unrest and instability. Hence need for urgent and profound national reforms with a bearing on the economy, among others.

The thrust of the proposed reforms is on introduction of new institutions and instruments, re-alignment and restructuring of existing institutions with the view to enhancing performance, transparency, accountability and ensuring checks + balances. Enabling Constitutional amendments and review as well as update of pertinent legislation and accompanying regulations is being proposed, particularly with regard to, but not confined to, enhancing Parliamentary oversight function.

2.0 Economic and Financial Management Reforms

Stagnant or sluggish economy tends to lead to socio – political instability and vice versa. Striving for vibrant inclusive economy with equitable distribution of income and wealth is a path towards a stable socio – political stability, peace and security. Basotho yearn for a strong commitment to achieving sound, transformative, sustainable and people centered socio – economic development. This requires stable macro – economy with a high and sustained rate of real growth accompanied by equitable distribution of income and wealth. Emphatically Basotho want inclusive, job creating and poverty eradicating real economic growth.

Poverty in the context of this National Reforms endeavor is understood to describe inability of households to afford food (of requisite quantity and quality), secure shelter, appropriate clothing, inability to access decent health care, clean water and sanitation, relevant basic education and training and enjoyment of peace, stability, security and human rights and civil liberties.

Widespread poverty and vast inequalities in income and wealth tend to lead to growing social frustration, discontent and unrest, increased crime, spreading corruption, rampant patronage and nepotism increasingly based primarily on party political affiliation. Poverty spreads and deepens as production and productivity are outpaced by the rate of population growth, mismatch of education and training with market demand, high and rising rate of unemployment, deepened and widened disparities in the distribution of income and wealth. This is exacerbated by social safety nets that remain weak and at times malfunction all together.

In turn, this is fueled by increasingly poor service delivery, disregard of merit in employment, promotion and in procurement prevail, and as natural resources are grossly mismanaged. All these are accompanied by poor health care, weak and irrelevant education and training that is not responding to market needs. This is topped up by marginalization of women, youth and people living with disabilities in productive activities. Incidents of violating human rights in themselves further impoverishes.

There is an established strong correlation between countries characterized by widespread poverty and vast income inequalities with socio-political instability. The common characteristics of low income developing economies which stakeholders said to be present in Lesotho as well are:

Disproportionately dominant public sector; weak or disabled national planning, monitoring, evaluation and review structure and process as well as wanting high quality, prudently prioritized, public expenditure. Accompanying these often are

misalignment of tax structure with tax bases; weak controls and opaque and corrupt procurement practices; compartmentalization (silos approach) in the discharge of assigned functions and poor service delivery by the public servants in company with virtually dysfunctional state owned enterprises. Generally there is weak governance characterized by reluctant rule of law, weak regulatory framework, barely functional institutions, wanting transparency, and unsatisfactory accountability framework.

Infrastructure, both hard and soft, and energy generation and distribution remain a major challenge. The private sector is fledgling and still highly fragile; and informal sector is predominant. Product lines are characteristically narrow and shallow. Domestic market is small and rudimentary. Heavy reliance of the economy on a thin export base is typical. Access is often only to a narrow spectrum of external markets. Access to finance, especially by national entrepreneurs, particularly medium to long term, is ever a challenge. Suitably trained type and caliber of labour in the markets is in short supply.

Broad strategies obtained from Basotho's input into the reform process and distilled from their responses include:

Intensification of infrastructure development in its broad context and its maintenance, plus energy generation and its distribution, and opening Lesotho as a business friendly destination are required for a successful private sector-led strategy and realizing desired strong, inclusive and sustainable growth and development. Investment in human capital in the broad context ought to be strengthened. That calls for needs based quality education and training at all levels and in fields relevant to inclusive and sustainable growth and development as well as providing adequate health care, and ensuring clean water supply and improved sanitation. Lesotho should earnestly join ongoing global skills revolution. There should be put in place meaningful and secure social safety nets. Deeper and bolder engagement of women, youth and people living with

disabilities, in productive activities should help bring closer to reality high growth rate of inclusive economy and development.

Meaningful support for, and nurturing of, science, technology and innovation and the promotion of research and development (R & D) are urgent. Lesotho's Science, Technology and Innovation for Development Programme (STIP) should be reviewed and meticulously implemented. This is sadly a virtually ignored area currently. There has to be an offensive in investing in climate smart and sustainable agriculture and agro – industry in areas of comparative advantage; while ensuring food security and quality nutrition. Continuing research, storage, transport, marketing and inclusivity in this sector is direly needed.

There is a need to mount a more vigorous promotion of eco – friendly industrialization in areas that Lesotho has comparative advantage. In that regard, diversification and realization of value addition to ensure forward, backward and lateral linkages as well as vertical product integration, need to be vigorously pursued. That way Lesotho can substantially increase her share of sub-regional, regional, continental and global supply chains.

In order to support this effort productive capacities will have to be strengthened, productivity raised and Lesotho's competitiveness positioning as investment friendly destination enhanced. Entrepreneurship among nationals, especially among women and youth, needs to be deliberately and vigorously promoted, facilitated and nurtured. Advisory and guiding expert services, enterprise incubation facilities and services, access to finance especially medium to long term funding, and customized incentives would need to be put firmly in place. Foreign Exchange Bureaux, Bureau of Standards, Productivity

Center, Competition and Consumer Protection Agency, and other incentives specifically designed for a wider spectrum of national entrepreneurships, should be designed, adopted and implemented.

Lesotho, being a landlocked country, needs to intensify development of the services sector. Services production and distribution in the private sector is overall a more suitable option for landlocked developing countries as costly surface transport and storage services of inputs and outputs are obviated. There will be need to bring about meaningful financial deepening, inclusion and put in place adequate financial regulatory framework. Develop and implement strategy for mobilization of domestic and international resources to finance planned development activities.

In order for these strategies to be successful there ought to be accompanying pre- and co- requisites such as good governance, institutional reforms, review of legislation to make it more development friendly, prevalence of peace, stability and security. Other pre- and co- requisites fall in other thematic areas of this reform process.

As a means towards implementing these strategies it will be necessary to have in place a robust participatory planning, monitoring & evaluation and review structures and processes. This can be done immediately by re-activating the currently deactivated National Planning Board and process stipulated in the Constitution. In the meantime, the National Planning Board should be elevated to the status of an autonomous Commission overseen by the Parliamentary Economic Cluster.

It is envisaged that the National Planning Board, and later to be higher level National Planning Commission (NPC), will consult widely with stakeholders in formulating a National Strategic Framework (5 years horizon), Medium Term (implementation) Plan, and the three year rolling Program of Action in the form of Medium–Term Expenditure Framework

(MTEF) (both 3 years horizon). The MTEF establishes an umbilical cord between the national plan and the annual fiscal budget. Program budgeting will be introduced to move away from incremental line item budgeting.

Under the portfolio of the NPC would fall study of mega trends, risk analysis, policy, capacity assessment, programme and project planning and appraisal, financing strategy, monitoring and evaluation, and review. This means that the departments of the Ministry of Planning would become part of the Commission's secretariat. Bureau of Statistics, that will be empowered to ensure adequacy in scope, accuracy and punctuality of data and join the global data revolution, will be accountable to the Planning Commission. National Manpower Secretariat will be moved to either the Ministry of Education and Training or Ministry of Labour and Employment. In turn, the Planning Commission would be accountable to the Economic Cluster of Parliament.

2.1 Administrative Reforms

The critical enablers towards the Lesotho We Want are reforms listed from Subsections 2.1 to 2.11, followed by opportunities and risks to its successful implementation. The recommended reforms from previous fora under Administrative matters pertaining to Economic and Financial Management are performance related and strictly out of the bounds of reforms as defined.

These are all short term activities, some of which do not require other resources and can be effected almost immediately. The institutions and laws are already in place, the challenges found by the public are on account of any one or more, of lapses in implementation, poor performance, incompetence and/or dereliction of duty. Thus, a generic strategy to improve effectiveness in public service delivery applicable to the entire public sector is proposed.

All Government institutions are to operate under results-based management systems. Each Ministry, Agency and SOE will articulate a strategic plan and a results based monitoring system with annual performance targets set in Annual Performance Contracts (APC). The APC would be the basis of oversight and accountability tests administered by the relevant Parliamentary Committee. The tenure of the Minister and Principal Secretary in Ministries and Management Teams for SOEs would be tied to their institution's achievement of annual targets.

There has been quite a number of pieces of legislation passed and promulgated but not implemented. That would form part of the targets. Accountability of activities by Management must not be constrained by unbudgeted allocations, which is outside their control and with the Ministry of Finance. The annual targets for each Ministry and all GOL Agencies and SOEs would be negotiated and agreed to by the said officials and the new strengthened autonomous Public Service Commission.

2.2 Process changes

Two Process challenges are noted: one is on capacity to implement projects in Ministries and another is on implementation of the Environmental Act, 2009. The National Planning Commission should, among other things, address capacity constraints in project implementation units of all line Ministries, as medium-term effort. The Environment Act should be activated immediately with particular reference to the natural resources sub-sector and to the construction industry.

2.3 Institutional reforms

Please refer in this document to Section iv. Economic and Financial Management Thematic Area Reforms – Logframe 1, which has dealt with Institutional and Constitutional Reforms exhaustively.

2.4 Constitutional Reforms

Please refer in this document to Section iv. Economic and Financial Management Reforms – Logframe 1, which has dealt with Institutional Reforms exhaustively.

2.5 Policy Reforms

Institute fiscal rules including a primary balanced budget, ceiling on wages and salaries bill and global share for social spending - health, education, sanitation and water. Review and upgrade investment code streamlining tax expenditures for the mining sector. Review current youth initiatives with a view to enunciating a Youth Policy which involves economic empowerment including entrepreneurship, training and apprenticeship programme. In particular train and nurture youth as Agri-preneurs with a focus on gaining employment in the value chains of agriculture. Enunciate policy on the development of commercial agriculture in partnership with community farmers – a core and periphery paradigm, for production and marketing. Review the current property and assets portfolio of Government with a view to establishing a Property and Assets Management Authority. Introduce a policy and develop guidelines for handing over process between two regimes. For other policy reforms, please peruse the logframe below.

2.6 Regulatory Reforms

The local communities should be involved in the process of regulating mines and construction operations in their areas to safeguard against environmental degradation and disruption of land use. Processing and policy regulatory legislation pertinent to construction industry should be expedited to pave way to forming an association to engender a community of practice in good standards.

2.7 Parliamentary Reforms

To ensure checks and balances Parliament should be firmly placed at the helm of the governance structure of the public sector economic and financial management as well as oversight on SOEs. The Parliamentary Sub-Committees, Economic Cluster, Public Accounts Committee and Public Enterprises Committee will oversee the appointment and dismissal of board members and senior management staff of public institutions, monitor compliance with performance contracts and regularly invite CEOs of public institutions to account in open hearings.

It will be necessary to strengthen the economic and financial management capacity of Parliamentarians to upscale their understanding and discussion of economic and financial matters to make the best informed decisions on passing relevant statutes.

2.8 Justice Reforms

Commercial Court should meet expectations by expeditiously adjudicating on all relevant cases.

2.9 Security Reforms

Financial Intelligence Unit, now under Ministry of Finance,, though housed in the Central Bank, should be upgraded to an autonomous Financial Intelligent Centre (FinCen). It's mandate would be to combat money laundering and other illicit financial transactions. The local FinCen should benefit from the global arrangements supporting the 40 Recommendations of the Financial Action Task Force (FATF 40) and subsequent collaborative arrangements to build capacity to effectively deter financial crimes and collaborate with the police to prosecute suspects.

2.10 Public Service Reforms

The current Public Service Commission (PSC) is to be strengthened and given autonomy to upscale its independence. Members of the new strengthened Commission shall be appointed by the relevant Parliamentary Committee for fixed staggered terms. The Commission should be responsible for the appointment and dismissal of all public servants.

2.11 Media Reforms.

Strengthening the understanding and appreciation of the economic and financial management issues among members of the media would enable informed public discourse on these matters particularly with regard to the national budgeting process and prioritization in fiscal spending debates. A Freedom of Information Act would grant greater access to public sector economic and financial information which often tends to be shrouded in secrecy. Transparency and accountability aided by public scrutiny should be one of the major aims of the mass media.

3.0 Headline Opportunities and Risks

The last column on Opportunities and Risks on the logframe tables below is hereby addressed in a generic manner. There are Headline Opportunities and Risks which would engender or deter a seamless implementation of the proposed reforms under the “Lesotho We Want”. The opportunities include societal cohesion and unless mitigated against, the Headline Risks will act to depress positive results with regard to all the critical enablers.

It is an opportunity for the implementation of the reforms that socio-political cohesion is enabled by the existence of a single ethnic group, the Basotho. Ethnic strife which plagues many African countries is absent. The majority of the population is young which augurs well for the labour market going forward. Small size of the population and country is therefore an opportunity for Basotho to maintain its humanity, in all its aspects.

3.1 Political Discord

A lack of a consensus on the way forward with regard to the reforms proposed for the “Lesotho We Want” is greatest risk. No action must be spared to maintain the momentum thus far with the work of the NDPC which is being supported by all stakeholders including political parties.

3.2 Corruption/Nepotism

According to the public input, the impact of the Directorate of Commercial and Economic Offences (DCEO) is not being felt and the level of corruption is still rising, despite the presence of the DCEO. It has not been spared by the political tit-for-tat between short lived coalitions, with each in power targeting the other. The DCEO should be brought under the Economic

Cluster of parliament in terms of appointments of senior staff and oversight. Parliament should ensure through the budget process that it has the requisite resources to do its job and close collaboration of the police to conduct investigations and have unhindered access to persons of interest.

3.3 Low Human and Institutional Capacity

The institutional reforms proposed have been significant and pervasive however, without the human resources with the requisite competencies to match, the desired results would be elusive. Thus, as a complement to the “Lesotho We Want” reforms programme there should be a well -designed capacity building endeavour with particular emphasis on economic and financial management. Specifically this should involve building human capacity in policy formulation and analysis, project design and management, statistics, accounting and finance as well as research units and including senior officials in the public sector.

1.4. Capital flight

Capital flows is the conduit through which both licit and illicit financial outflows occur. The main sources of these flows in Africa are mostly from the natural resource sector, particularly mining. The Lesotho Revenue Authority (LRA) should build the requisite capacity to liaise with Financial Intelligence Centre in detecting illicit flows particularly by multinational companies. In this regard, the LRA should draw on international initiatives under the G8 or G7, the Base Erosion and Profit Shifting (BEPS) and Exchange of Information, among others.

4.0 Desired Outcomes

The successful implementation of critical enablers dictated by our Strategic Objectives will lead to the attainment of Desired Outcomes: National Unity, National Development, Prosperity, Good Governance, Healthy and Educated Basotho.

5.0 Conclusions

Proposed reforms under the Economic Thematic Area are largely symbiotic by nature and have to be adopted as a package and implemented meticulously for maximum effect. They are also complementary to the reforms proposed in other thematic areas. Implementing sequence is indicated in the logframes. Capacity assessment, risk management and resource mobilization are critical for successful implementation of the proposed reforms.

LOGFRAME 1: PLANNERY I: ECONOMIC AND FINANCIAL ISSUES

Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
1. Administrative						
1.1. Need for reactivation of the National Planning Board provided for in Section 85 of the Constitution	Board deactivated to the detriment of the planning process	National Planning Board provided for in the 1993 Constitution as amended	Re-activate the National Planning Board and then proceed to elevate it to a National Planning Commission during Constitution review	Re-activate the National Planning Board to operate as stipulated in the Constitution- to be done immediately.	Min. of Development Planning	Short term

1.2. Inadequate well targeted financial and extension services support	Inadequate & off target government support to farmers leads to heavy dependency on agricultural imports	Ministry of Agriculture and Food Security, Block farming subsidies is among current efforts in this regard	Review, retune and reactivate better targeted financial and extensions services support	Overhaul financial, in-kind and services support and ensure that current land management, agricultural and nutrition policies are fully implemented	Min. Agric	Short term
1.3. Borders are porous and border post are loosely managed	Porous borders and loose controls at the ports of entry lead to smuggling of goods and other items, leading to loss of revenue	Ample room for improvement in the area of border surveillance and border gates management	Tighten surveillance along borders and improve border post controls	improvement of control systems at the ports of entry to curb smuggling	Min. of Home Affairs, LRA, Police and Defence	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame

1.4. Uncoordinated Agricultural production initiatives	There is lack of properly coordinated initiatives aiming for increased food production. Hence ineffectiveness. Objectives are not being met.	Effective co-ordination is lacking within the Ministry of Agriculture and Food Security	Establish an Agricultural sector coordinating committee to effect coordination of agricultural production activities	Establish an Agricultural sector working coordination committee to facilitate coordination of agricultural production activities	Min. of Agric	Short term
1.5. Limited, poor and stale statistical data	There is lack of adequate, accurate and fresh data and statistics needed for trends study, analysis and projections in the planning process.	Statistical information is often inadequate in scope, inaccurate and stale and thus not at par with the international standards	Review the operations of BoS and enhance its capacity to generate timely, accurate data with needed scope	Enhance the capacity of the Bureau of Statistics so that it collects and generates adequate, timely and accurate data needed for analysis, strategy formulation and projections. BoS should join in earnest global data revolution	Reinstated National Planning Board	Short term

1.6. Improper government Assets management and disposal	Senior government officials such as Ministers, PSs, Judges, etc, have opportunity to buy cars from the government fleet with artificially assigned residual value of M2, 000.00 and M4, 000.00. This leads to potential public revenue loss	Those holding Statutory positions are given a package to purchase the vehicles at this artificially set sub – market residual value	Government Assets should be valued and disposed of through public auction in order to afford government opportunity to maximize public revenue potential on this front	Government Assets should be valued and disposed of through a public auction to afford government a chance to maximize revenue through sale of the assets	Min. of Finance and PM Office	Short term
1.7. No stakeholder Consultations held, especially with the private sector, before signing of regional and international agreements with a bearing on the economy, especially on trade.	Ministry of Trade and Industry engages in trade negotiations without having the inputs of key relevant stakeholders such as business associations and civil society organizations.	Ministry is supposed to convene and coordinate consultations on trade agreements under negotiation but is doing rarely at own expediency	Establish clear coordination structures to promote dialogue and coordination between Government and Business	Establish clear coordination structures & processes to ensure consultations between Government and Businesses	Min. of Trade and Industry	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame

<p>1.8. Need to review mining Kimberley process implementation in the country</p>	<p>Mining Kimberley process was implemented but not followed through meticulously. Thus Lesotho is not reaping any benefits emanating from it</p>	<p>Kimberley process implementation is the mandate of the Ministry of Natural Resources</p>	<p>Strengthen the capacity and raise motivation to abide by the Kimberley process</p>	<p>Strengthen capacity and motivation needed to abide by the Kimberley process and introduce oversight mechanism for monitoring & evaluation</p>	<p>Min. of Natural Resources and Mining</p>	<p>Short term</p>
<p>1.9. Party politically based deployment place people without relevant qualifications and experience in Lesotho's foreign missions abroad</p>	<p>Foreign missions of Lesotho are not able to promote both foreign investment and trade due to absence of skilled and motivated personnel on trade and economic matters</p>	<p>Politicians use this channel to compensate their supporters, loyalists and relatives without any relevant merits</p>	<p>Staff Trade and Economic desk in all foreign missions of Lesotho in order to ensure skillful and motivated promotion of foreign investment, development cooperation and trade</p>	<p>Assign qualified staff to man Trade and Economic desk in all foreign missions of Lesotho in order to promote foreign a investment, development cooperation and trade</p>	<p>Min. of Foreign Affairs, Oversight Committee of Parliament</p>	<p>Short term</p>

<p>1.10. Rife corruption at the government ministries is costly and cripple service delivery</p>	<p>Corruption by Public officers is very costly and hampers satisfactory service delivery</p>	<p>Lack of competent leadership, loose controls, absence of transparency, accountability and integrity, underlie rampant corruption</p>	<p>Review the Public service corruption policy and apply tougher actions against perpetrators. Meritocracy, integrity, tight controls, transparency and accountability, must be applied across the board in public service</p>	<p>Strengthen and meticulously apply anti - corruption policy, rules and regulations. Focus on meritocracy, integrity, tight controls, transparency, accountability and strong keen oversight across the board in public service. Capacitate autonomous audit office should be set up soonest.</p>	<p>Reformed Public Service; Min. of Finance, Audit, Public Accounts Committee</p>	<p>Short term</p>
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<p>1.11. There are instances of good Laws being passed and promulgated but not implemented and therefore inconsequential</p>	<p>Good laws and regulations have been promulgated, but NOT enforced. Intended benefits are not derived</p>	<p>Relevant Laws, rules and regulations are shelved while corruption, nepotism and poor service delivery continue unabated</p>	<p>Law enforcement needs to be prioritized. Capacity of Law enforcing entities needs to be strengthened. Keen oversight has to be in place and functional</p>	<p>Capacitate, reinvigorate, and motivate law enforcement entities. Improve communication. Ensure keen oversight function.</p>	<p>Min. of Law; Police,</p>	<p>Short term</p>
<p>Issue Observed by Stakeholders</p>	<p>Challenges Posed</p>	<p>Status Quo</p>	<p>Solutions</p>	<p>Type of Action</p>	<p>Implementing Agency</p>	<p>Time Frame</p>

<p>1.12. Districts are not developed because all plans and budgets are made at central government level. Decentralization policy still has not been fully implemented</p>	<p>Implementation of Decentralization Policy is sluggish; thus postponing envisaged benefits of decentralization. Local authorities still not actually empowered.</p>	<p>All plans and budgets are still being formulated and applied at the national or central government level</p>	<p>Implement the Local Government decentralization policy fully in order to empower local authorities</p>	<p>Ad hoc perhaps outsourced competent, effective and capacitated change management machinery is needed to implement Decentralization policy and so should be put in place and activated</p>	<p>Min. of Local Government</p>	<p>Short term</p>
<p>1.13. Many cooperatives societies tend to collapse owing to their limited capacity and loose laws governing them</p>	<p>Lesotho Savings and Credit Co-operative Societies League (Ltd) has institutional capacity and orientation challenges. As a result, it is not able to discharge duties within its mandate adequately</p>	<p>Cooperatives are under the guidance of Commissioner of Cooperatives</p>	<p>There is need to review the policy and act to benefit and grow the cooperatives</p>	<p>Government should provide adequate support in building technical and managerial capacity to the Cooperatives. The Central Bank of Lesotho can guide those taking deposits in its role as financial sector supervisor</p>	<p>Min. Small Business Development Cooperatives and Marketing; Central Bank of Lesotho for deposit takers</p>	<p>Short term</p>

<p>1.14. Authorities have a tendency to sign many regional and international developmental accords, agendas, programmes of action and frameworks that have development assistance attached but never take advantage of them. This is because they are only known by particular officials who hoard the information. Private sector and general public, who are intended main beneficiaries of such development opportunities remain oblivious.</p>	<p>Lesotho has not been able to take advantage of regional and global developmental accords & frameworks such as the Vienna Programme of Action for Land Locked Developing Countries, Addis Ababa Action Agenda on Financing for Development, UNCTAD 14 and predecessors, Istanbul Programme of Action for the Least Developed Countries, Boosting Africa Intra-Trade (BAIT) under the African Union, Enhanced Integrated Framework (EIF) under World Trade Organisation, SADC Industrialisation</p>	<p>Lesotho signed on but has hardly ever taken full advantage of benefits offered under those agreements.</p>	<p>Lesotho, under the leadership of reactivated National Planning Board, relevant Ministries and private sector should take full advantage of all these development assistance programmes and frameworks. National Planning Board should provide oversight function through its ongoing monitoring and evaluation function</p>	<p>Take advantage of all the development assistance on offer under these programmes and frameworks. Relevant private sector and civil society players should be included and engaged where appropriate. NPC should communicate all these accords, programmes and frameworks to the public</p>	<p>National Planning Board, relevant Ministries, Relevant private sector and civil society organisations</p>	<p>Short term</p>
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	Strategy under SADC, and several others					
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<p>1.15. Valuable fertile land is rapidly being lost through worsening soil erosion.</p>	<p>Usable land is being lost rapidly through soil erosion due to widespread abuse and lackluster conservation efforts of those with the mandate</p>	<p>Ministry of Forestry and Land Reclamation has the mandate to address this challenge in conjunction with Local Councils. So far response has been muted.</p>	<p>Review the strategies and establish relevant programmes to address the soil erosion</p>	<p>Land Reclamation, Ministry of Agriculture, Ministry of Local Government and Local Councils need to be motivated and capacitated. Keen oversight by the National Planning Board and relevant Parliamentary Committee will be required</p>	<p>Min. of Forestry and Land Reclamation, Ministry of Agriculture, Ministry of Local Government, Local Councils</p>	<p>Short term</p>
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Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
1.16. Local farmers producing eggs, meat and vegetables on a small scale are struggling because of cheaper imports. Anti – dumping provision offered under SACU need to be invoked	Even if SACU provision for protection against dumping is invoked, porous borders and lackluster enforcement renders such restrictions ineffective. Small farmer producers still suffer from unfair competition from abroad	SACU has provision for selective restriction of importation of agricultural produce that a member declares as important for the economy but are threatened by cheaper imports. This is meant to protect producers against dumping. Lesotho borders remain porous.	Law enforcement entities at the border gates should meticulously apply the restrictions. LDF should surveil borders	Enhance border surveillance. Ensure tighter controls and meticulous enforcement at border gates.	Min. of Finance, Min. of Home Affairs, LRA	Short term

<p>1.17. Public health and food safety requirements are not sufficiently enforced from production, transport and storage stages to consumption phase.</p>	<p>Food and drink contamination and food poisoning are common as a result of negligence by responsible health officials. Health care costs are escalating for the public</p>	<p>Ministry of Health falls short in ably enforcing public health and food safety standards</p>	<p>Capacitate and motivate responsible health entities to enforce exiting health and safety legislation effectively. Step up oversight function.</p>	<p>Boost required capacity of the entities responsible for the enforcement function. Ensure competence, integrity, and efficiency of the officials concerned. Beef up oversight function.</p>	<p>Min. of Health</p>	<p>Short term</p>
<p>1.18. There is a high teenage and vulnerable children pregnancies. Unprotected sex poses spreading risk of HIV infection in the country</p>	<p>There is an increasing number of children born out of wedlock, to very poor teenage single mothers most likely to suffer hunger and ill health. This becomes enormous economic and financial burden to society</p>	<p>With rapidly growing unplanned urbanization and congestion accompanied by high and growing unemployment, there is a very high rate of teenage and vulnerable girls pregnancies contributing to renewed spread of HIV and worsening poverty.</p>	<p>Family planning information accessible to all Basotho</p>	<p>Family planning information accessible to all Basotho</p>	<p>Min. Health, Social Development</p>	<p>Short term</p>

Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
1.19. Government assets are not competently managed. This adversely affects service delivery	Government assets are not sufficiently managed. This affects timing and quality of service delivery negatively. It also leads to losses and damage.	Ministry of Finance is the custodian of public assets. Management of these assets is in disarray and calls for attention	Establish Public Assets Management Authority in order to concentrate on this important function.	Establish Public Assets Management Authority	National Reforms Authority	Short term
1.20. Government delays to pay suppliers after the provision of goods and services	The delay to pay suppliers by line ministries has negatively affected cashflow of businesses and has tarnished image and credibility of government.	Ministry of Finance Treasury is mandated to collect revenue and disburse government payments	Capacitate Account sections, ensure competence. Fully digitalize operations. Account offices must open at 08:00am and close at 16h30.	Account sections must open at 08:00am and close at 16h30. Systems need to be improved through full digitalization. Competence of staff should ensured.	Min. Finance	Short term

<p>1.21. Tertiary institutions should produce skilled labour required by the economy. Thus focus should be on relevant courses which are required by the labour market</p>	<p>Knowledge and skills acquired at tertiary educational institutions do not match labour market requirements.</p>	<p>Tertiary institutions produce completers who do not fit labour market demands</p>	<p>Tertiary institutions should update their training programmes to meet the demands of the work place</p>	<p>Support training in skills that are relevant to labour market demands and equip trainees with entrepreneurship skills</p>	<p>Min. of Education and Training, Min of Labour and Employment</p>	<p>Short term</p>
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<p>1.22. Agricultural sites are turned into residential and business sites</p>	<p>Villages are mushrooming in arable land. Arable land is dwindling. Poor urban planning and land use has stifled industrialisation development agenda because there are no areas dedicated to perform industrial activities in all ten districts of Lesotho.</p>	<p>Ministry of Local Government and Land Administration Authority have allowed chaotic village and urban growth.</p>	<p>Enforce Land Act of 2010 as amended to allow for appropriate utilization of land and to promote land markets as well as making use of land that is not utilized (lie fallow)</p>	<p>Enforce Land Act of 2010 as amended to allow for appropriate utilization of land and to promote land markets as well as making use of land that is not utilized (lie fallow)</p>	<p>Min. of Local Government, LAA, LNDC</p>	<p>Short term</p>
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Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
1.23. There is unavoidably long transit time and distance to and from the port of Durban	Limited corridors to reach Durban Port has increased logistical costs which eventually make Lesotho to be uncompetitive in terms of production costs.	All cargo is still dispatched and collected from Durban port	Rapid transit means of transport should be sought. One stop border posts are now imperative.	Government must explore rapid transit mode of transport and dedicated corridors which will ease trade facilitation. One stop border posts are a must	Min. of Finance, LRA	Medium to Long Term

1.24. Vocational and tertiary institutions should train for the market	Vocational training schools and other institutions of higher learning still offering courses which are outdated and not meeting the current demands	Curriculum focus and standard fall off target of the labour market	Undertake curriculum review and training programmes upgrading	Curriculum review and upgrading of standards adapted to market demands are imperative	Min. Education and Training	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
2. Process						

2.1. Uncoordinated public projects	Most projects are not properly managed at line ministries level, due to weak institutional and human resources capacity.	Deactivated National Planning Board has created a vacuum regarding, among other things, project coordination.	Reactivation of the National Planning Board will address this situation as project coordination will part of its responsibilities	Reactivate NPB	PM's Office,	Short term
2.2. Need to implement Environment act of 2008	Environment Act of 2008 has been on the statute books for a decade without implementation. Meantime there is ongoing environmental degradation and loss of national natural resources	Ministry of Tourism, Culture and Environment has not been implementing environment legislation to the detriment of Lesotho's environment and natural resources especially fauna and flora	Capacitate and motivate enforcement of environmental legislation everywhere in the country. Keen oversight should be put in place.	The Ministry should be enabled to enforce the law. Accountability to an oversight body is imperative	MoTCE	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
3. Institutional						

3.1. Need to have standards and accreditation infrastructure	Lack of standards, accreditation and quality assurance infrastructure facilities	Establishment of the Bureau of Standards is in the pipeline	Expedite the establishment of the Bureau of Standards	Expedite the establishment of the Bureau of Standards	MTI	Medium term
3.2. Need to establish a development bank to assist Basotho businesses to access finance	There are no development finance institutions for the ease access of finance and development friendly payment rates. Long term loans are required for development projects	Insufficient and high cost financing is available from different organizations inclusive of commercial banks. Long term lending at low cost is desirable	Establish the Development Finance Institutions for long term lending for Agriculture, industry, housing, and other long-term development lending.	Establish the Development Finance Institutions for long term lending for Agriculture, housing, and other long-term development lending.	MDP	Medium term
3.3. Need to improve on the competitiveness and quality of products	Lack of standards, accreditation and quality assurance infrastructure facilities to promote Lesotho products competitiveness	There is no productivity centre	Establish National Productivity Center/Institute	Establish National Productivity Center/Institute	MTI	Medium term

3.4. Need to upgrade and expand incubation function and programmes	So far there is inadequate, centralized and ineffective private incubation facilities.	BEDCO has abandoned mandated incubation function for small and medium enterprises	Revive, strengthen/upgrade and expand the Enterprise Incubation Centres capacity and then Decentralise to districts	Strengthen, modernize and expand the Enterprise Incubation Centres capacity and then Decentralise to districts	BEDCO	Medium term
Issue Observed by Stakeholder	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
3.5. Crafts and artisan skills are lacking in the market	Inadequate and ineffective crafts and artisan training institutions thus starving the market of the skills	Due to absence of formal training most of these skills are in short supply in the market	Ensure sustainability of training and strengthen technical and vocational training institutes (have at least one per district)	Ensure sustainability and strengthen technical and vocational training institutes (have at least one per district)	MoET	Medium term

3.6. Appropriate technology services	Lack of appropriate technology institutes, the one that existed is now defunct	Appropriate technology facility that once existed is now defunct	Resuscitate and the strengthen Appropriate Technology centres/institutes and then decentralize to high density population areas	Resuscitate and the strengthen Appropriate Technology centres/institutes and then decentralize to major population area	MoCom	Medium term
3.7. There is politically based appointments to SOEs boards and management	Unbridled political interference in the management of state-owned enterprises has led to appointment of unqualified, inexperienced, unmotivated individuals thus adversely affecting performance of the said enterprises	Boards and managerial positions are filled by political appointees and relatives of the prominent politicians without reference to appropriate qualifications, experience and motivation	Depolitisise the appointments and recruit strictly on merit and in a transparent manner	Meritocracy and transparency should underpin appointments to boards and senior management	All SOEs and Reformed Autonomous Public Service Commission	Medium term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame

3.8. There is no industry regulation and industrialists engage in unfair business practices such as price colluding	Unfair industrial practices, competition and collusions	There is a Consumer Protection Unit at the Ministry of Trade and Industry, but not effective due to its compromised position	Establish independent body to regulate the good practices	Establish a Lesotho Competition Commission, to regulate the fair industry and trade competition.	MTI	Medium term
3.9. Non implementation of policies, strategies and regulations	Concern that the issues raised here would never be implemented. This is based on previous experience.	Many policies and strategies are gathering dust on the public servants shelves With no follow through	Implement the policies and regulations as suggested and adopted	Re-enforce oversight institutions to ensure proper implementation of adopted public programmes	NRA	Short term
3.10 Need for consultation and regular dialogue between government and other non-state institutions	There is no structured public private dialogue on trade and economic related matters	Ad hoc consultations by government only when required for approval of Aid	Implement the policies and regulations as suggested and adopted	Establish standing and regular fora for dialogue between government and all relevant stakeholders on national issues of import	All Ministries	Short term

3.11. Need to strengthen financial institutions to consider appropriate financial products to the business community	There are limited financing options and guarantee schemes to provide support sector specific initiatives.	Businesses rely solely on the commercial banks which are charging very high interest rates and service fees. Other types of institutions and instruments need to be introduced	Introduce new financial institutions and instruments to improve on the current financing models to include development financing for local businesses	Establish at least one Basotho Owned Bank for development financing to support medium to long-term projects by local businesses. Establishment of other purpose specific development financial institutions should be welcome	MTI/MoF/MoAg	Medium term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame

<p>3.12. High rate of corruption and improper government contracts cripple service delivery</p>	<p>Procurement function is fragmented across GOL, loosely administered and highly susceptible to corruption . There is no harmony, no transparency and no clear accountability</p>	<p>Each Ministry and Agency has its own procurement office</p>	<p>Improve on the Parliament oversight function and Parliament should pass draft law reforming Public Procurement process and establishing a specialized authority</p>	<p>Establish autonomous Lesotho Public Procurement Authority; Answerable to Public Accounts Committee of Parliament; Appointment of its Board members and staff by a strengthened Public service commission. Enact the draft reforming the procurement function.</p>	<p>MoF</p>	<p>Short term</p>
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3.13. Rampant corruption and nepotism at the Ministry of Public Works and Transport	Several cases of corruption within the construction industry	Public Works administers design, recruitment and supervision of contractors	Introduce centralized independent public procurement function by act of parliament. There is already a draft law in the pipeline	Establish autonomous Lesotho Public Procurement Authority; Answerable to Public Accounts Committee of Parliament; appointment of its Board members and staff by a strengthened Public service commission	MoF	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
4. Regulatory						
4.1. Small and medium enterprises are not nurtured and supported for growth	There is a vacuum for addressing this challenge of uplifting start-ups and existing businesses.	BEDCO is mandated to perform this function but has deviated from this mandate	Formulate policies and guidelines for business promotion and upliftment.	Re-direct and strengthen BEDCO to perform according to the desired mandate	Min. Small Business Development and Cooperatives, BEDCO	Short term

<p>4.2. Mines do not empower the communities where they are operating</p>	<p>Affected communities in extractive industries are not properly engaged in a manner that they could benefit in the whole process.</p>	<p>Licenses are awarded at headquarters with little or no consultations and engagement of local communities</p>	<p>Formulate an inclusive mining licensing board with compulsory community representation</p>	<p>Review licensing regulations relating to Extractive Industries to promote partnership between companies and local communities where production takes place. For instance, to allow communities have shares in the natural resource extracting companies.</p>	<p>Min of Mining</p>	<p>Short term</p>
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4.3. Mismanagement of pastures and wet-lands	Absence of grazing fees has led some farmers to destroy pastures.	Local councils and the communities developers manages this function but not effectively so far as they do not have enough powers to govern at the community levels, central government still controls all functions	Decentralise pasture governing powers to local government structures so that they can develop their own suitable pastoral and wet-lands management systems	Review of land management system that must respond, in strongest terms, to the prevailing and recurring situation.	MoFLR	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
4.4. Poor quality and capacity of local contractors, renders poor service to government	Local Construction Industry remains highly fragmented and poorly coordinated and this has led to poor quality of work as well as inability to meet deadlines.	Public Works is neither training nor monitoring the performance of contractor. Corruption is rife	Establish routine checks and regular training programmes to keep local contractors up to speed	Establish new, and strengthen current, construction training centers like LCU Berea	Min. Public Works and Transport	Short term
5. Policy						

5.1. Alarming rates of unemployment among Youths and other marginalized groups like disabled	Lack of deliberate policies to economically empower young people has resulted in a high rate of unemployment in Lesotho.	There are some fragmented and uncoordinated youth programmes the Ministry of Gender, Youth, Sports and Recreation	Review legislation and formulate new strategies and policies to enforce economic empowerment of youth.	Establish National Youth Development Agency with the Act of Parliament	MoGSR	Medium term
5.2. Misuse and mismanagement of state assets	State assets are not properly managed. This exacerbates poor service delivery.	State Assets are managed by Ministry of Public Service and of Finance respectively	Implement appropriate policies that sufficiently address the mismanagement of the Public Assets	Establish Public Assets Management Authority	MoF	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame

5.3. There are no business incentives for local investors	Foreign firms are given preferential treatment under incentive schemes, while local businesses are not accessing similar incentives.	Foreign firms are charged lower tax rates, enjoy subsidized utility rates as well as lower rental rates by LNDC	Incentive to the local investors will strengthen their enterprises and boost the economy and generate employment	Develop incentive framework for large locally owned businesses to allow for youths' empowerment through temporary and permanent engagement.	MTI/LNDC	Short term
5.4. No coordinated transitional change and handover of government regimes	Lack of proper handing over during transitional change of regimes and the incoming regime destroys the establishments made by previous regime due to political differences.	There is no given transitional period between the out-going and the incoming government administrations	Formulate a policy that govern the transition of regimes	establish an Administrative policy which talks to the transitional period and proper hander over of the regimes	Parliament	Short term

5.5. Centralized public service development	There is massive migration of people from rural areas to urban areas due to job opportunities. The implication is that farming activities are negatively affected.	All public activities and functions and facilities are concentrated in the urban areas	Create special economic zones which will bring economic activity to all districts	Enforce the implementation of the Decentralization Policy and all productive sectors should be well represented in the districts	Min. of Finance, Local Government	Short term
5.6. There is misuse of public property and funds	Public funds are used to finance Political parties, though the process is not transparent in terms of accountability because some of them don't seem to be having sound financial systems.	Politicians especially those in power are using government vehicles, properties and funds to benefit their political parties	Formulate stringent Policies that prohibits the misuse of public funds and assets for party political gains	Undertake reforms in Public Financial Management to promote efficiency in government.	Min. of Finance, Office of the Prime Minister and Parliament	Short term

Issue Observed by Stakeholder	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
5.7. Non-Compliance with Companies Act of 2011	Most companies are not producing and filing their annual report as per Art. 104 of Company Act 2011.	OBFC in the Ministry of Trade and Industry is the custodian of the Companies Act of 2011	Capacitate this office so that it can ensure compliance with the law by businesses	Enforce and abide by the confines of the Law	MTI	Short term
5.8. Precious minerals and rare commodities are not given attention that they deserve	Lesotho does not utilise its local resources such as solar, wool & mohair, water, cannabis, diamond, sand, sand stone and so forth at its advantage.	The products are still handled in a fragmented way	Formulate the policy and develop laws governing precious goods	Establish the Lesotho Precious Stones and Minerals Marketing Agency for the domestic and external marketing of all precious metals and other goods	Min of Mining, Small Business Development, Cooperatives and Marketing, Water, Health	Short term

5.9. Need for subsidy to Lesotho products which have potential of competitive advantage in the global markets	Insurance products are very expensive in Lesotho and this becomes a major impediment for companies to access policies thereby making them vulnerable while doing business without insuring property, equipment, and human resources.	Insurance houses are charging market prices or even higher for business coverage	Establish Basotho owned insurance company and a financial support institution	Establish development finance institution which will service MSMEs	MoF, MSMEs	Short term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
5.10. Need to explore the potential of beef production and dairy farming	There is a high potential in beef and dairy farming in Lesotho, but there is no provision for training farmers already in the field as part of continuing education and training on the job	Beef and dairy farming still practiced but in a very small scale and in an old fashioned way	Improve beef production and increase the number of dairy cattle and the dairy infrastructure	Enforce and abide by the confines of the laws and policies governing the sector. Build capacity of the private sector and public sector	MSBC	Short term

5.11. Need to review the funding methods for higher learning institutions	Institutions of higher learning are experiencing subvention cuts from the budget. This represents disinvestment in human capital	All Higher Learning Institutions are given Subventions from the government budget	Review the Higher Learning Institutions financing models to allow them to explore other sources of revenue other than heavily relying on government	Review the Higher Learning Institutions financing models and align their budgeting with industrial needs so that industry can finance programmes that are in demand in the market	MoET/MDP	Short term
5.12. Need for professionalization of sporting activities	Lack of professionalism in Sports has discouraged young people from involvement in various sporting activities. Yet professional sport is viable investment avenue	Most of the sporting activities are still operating at an amateur level with very few athletes making it through to international grounds	Review the policies governing sports and develop sporting academies to nourish youth talent at their very tender age	Establish Youth Development Fund to support youth initiatives in developmental projects and sporting activities.	MoGSR	Short term
Issue Observed by Stakeholder	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame

<p>5.13. Agricultural production has gone down due to lack of inputs and other resources needed for effective farming</p>	<p>The level of agriculture has gone down despite government subsidies and many graduates. Even employed graduates in agriculture do not work in accordance with the expected standards.</p>	<p>Government subsidies are only limited to grains</p>	<p>Review the Subsidy policy to include other high potential sub-sectors such as Horticulture, floriculture and Wool and Mohair production</p>	<p>Introduce new subsidies that include other high yield potential cash crops according to research results, and wool and mohair processing. Standards on agricultural produce should be instituted.</p>	<p>MoAFS</p>	<p>Short term</p>
<p>5.14. Lack of productive capacities</p>	<p>Government is not adequately investing in productive capacities.</p>	<p>Private sector is lacking productive capacities and adequate skills to satisfy the available markets</p>	<p>Build productive capacities in selected potential industries to maximize production and growth</p>	<p>Improve competitiveness and investment climate</p>	<p>MTI/LNDC</p>	<p>Short term</p>

5.15. Council of Economic Advisers or equivalent	Lesotho does not have a body of economic advisors; hence it is difficult to link relevant policies	Advisory personnel to PM Office is very weak as incumbents are not appointed on merit but purely on political grounds	Establish Advisory Council to the cabinet which should advise on sound economic policies and strategies for accelerated economic growth. It should liaise with NPB	Introduce Council of Economic Advisers (or Economic Advisory Council)	PM Office	Short term
5.16. Need to review government shareholding in mining is inadequate and contracts with mining companies ought to be revisited	Shareholding of government in the mines ought to be revisited	Government shareholding in all the mines is 30% to 70% of those of foreign investments	Review the mining lease and licensing policy to give government majority shareholding at least 51% ownership in all minerals	Review the Mining share agreement to allow Government to increase its shareholding in mining to at least 51%.	Min. of Mining	Short term

Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
5.17. Need to review SMMEs policy	Policy on SMMEs is out dated and is not meeting the expectations of SMMEs	SMMEs policy is implemented by Ministry of Small Business, Cooperatives and marketing	Review and update the policy to respond to today's challenges	Review the policy and Develop business linkage framework to ensure that big companies engage SMMEs into their supply chains	MSBC	Short term
5.18. Need to develop the shelters for informal market	Informal traders and street vendors do not have proper market infrastructure	Currently largely operating in open and limited spaces offered by Municipality	Develop proper market infrastructure for the informal market	Standardise the informal sector infrastructure	MSBC	Short term
5.19. Need to review and enforce Code of Ethics and Standards for engineers	Roads are properly not constructed, and no action is taken against non-performers due to lack of Code of Ethics and Standards for engineers.	Roads are built under the supervision of Ministry of Public Work and Transport	Facilitate the review of Roads Act of 1969	Review Roads Act of 1969 and its subsidiary laws to make it include the current dynamics in the construction industry.	MPWT	Short term

5.20. Need for compliance with the recommendations of the Research Department in the Ministry of Agriculture	Poor support and lack of recognition of the importance of research in agriculture have contributed to poor food production.	Research Department is housed under Ministry of Agriculture but is ineffective as its findings are rarely considered for implementation	Review mandate and redefine the terms of reference of the Agriculture Research Unit to work as the advisory unit for agricultural information and planning programmes	Agric research should be accorded better financing in order to generate crucial data and information for enhanced agricultural production and development planning purposes.	MAFS	Short term
Issue Observed by Stakeholder	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
5.21. There is need to explore eco – friendly energy generation for rural areas such as biogas and solar energy	Despite the abundance of renewable energy sources such as solar, usage is still very poor. Farming is in dire need of low-cost eco – friendly energy sources in order to raise productivity, e.g. use in irrigation, sheep shearing, agro-industries	Muela Hydro-power sale to the regional grid and power importation of power from that regional grid is the only source of energy in the country	Need to explore other sources of energy such as additional hydro plants, solar and wind-farms to generate at lower cost to the industry and farms	Consider appropriate policies that set up Electricity Generation Company whose focus is to generate and sell electricity to power resellers within and outside the country	Min of Energy	Short term

5.22. Revisit of family planning programmes	Increasing population without adequate family planning programmes, and food deficit due to land degradation, the effects of climate change, amongst many other factors, is causing strife among Basotho.	Ministry of Health is the custodian of few family planning centres and others are under non state supervision	Review the current family planning programmes and align them with the development plans	Coordinate and consolidate all the policies and fragmented institutions which are dealing with Family Planning Programmes and food security	MoH/MAFS	Short term
5.23. Basotho in the diaspora feel excluded in the economic development equation	Engaging the diaspora to participate in the development of their motherland would be value added	There are no linkages between Basotho who are in the diaspora and the motherland	Establish regular Basotho diaspora dialogue platforms	Establish A Diaspora Forum for continuous engagement; Float Diaspora Development Bonds	Min. of Foreign Affairs and International Relations; NPB	Short term
6. Legal						

<p>6.1. Need to consolidate the water related institutions as some seem to be performing similar functions</p>	<p>Multiple and uncoordinated institutions run the risk of duplicating efforts, leaving unattended voids and adding costs to Water management without adding much value</p>	<p>There are about 6 institutions including the Ministry of Water dealing with the same commodity separately</p>	<p>Consolidate into new Lesotho Water Authority, Rural Water Supply; Metolong Authority; Lesotho Water Commission; Lesotho Highlands Water Authority; Department of Water Affairs; Water and Sewage Company. Aim at streamlining and thus reducing duplication of effort and making ample savings water resources management</p>	<p>Consolidate into new Lesotho Water Authority, Rural Water Supply; Metolong Authority; Lesotho Water Commission; Lesotho Highlands Water Authority; Department of Water Affairs; Water and Sewage Company. Aim at a streamlining and thus reducing duplication of effort in the management of water resource</p>	<p>LEWA</p>	<p>Medium term</p>
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6.2. Political appointments and nepotism in mining	Unbridled political interference in management of mining sub-sector	The Minister with the advice of the board appoints senior staffs and the board	Board and Senior staff of Mining Commission are to be appointed by a strengthened reformed Public Service Commission	Board and Senior staff of Mining commission should be appointed by a strengthened reformed Public Service Commission	NRA	Medium term
Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
6.3. Need to review minerals extraction policy to benefit Basotho more	Basotho are not realizing optimal returns from the country's mineral wealth	Ministry of Natural Resources and Mining oversees exploitation of mineral deposits and not doing a good job of it	Establish the Lesotho Precious Stones and Minerals Marketing Corporation for the domestic and external marketing of all precious metals	Establish the Lesotho Precious Stones and Minerals Marketing Corporation for the domestic and external marketing of all precious metals	New initiative/Min of Mining	Medium term

<p>6.4. Rife corruption and maladministration affecting service delivery in the public service</p>	<p>Corruption and land maladministration</p>	<p>DCEO and Ministry of Police are tasked with upkeep of law and order on the economic and financial offences front</p>	<p>Strengthen the Land Administration Authority. Appointments should be done by Restructured autonomous Public Service Commission. The Authority should also be answerable to the Natural Resources Portfolio Committee of Parliament</p>	<p>Strengthen the Land Administration Authority. Appointment of senior staff should be done by restructured autonomous Public Service Commission. The Authority should also be answerable to the Natural Resources Portfolio Committee of Parliament</p>	<p>MoPS, DCEO</p>	<p>Medium term</p>
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Issue Observed by Stakeholder	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
6.5. Need to consider the flora and fauna as economic products that the country can benefit from	Flora and Fauna are currently neglected, mismanaged and uncoordinated	Flora and Fauna are protected by laws under Ministry of Tourism, Culture and Environment	Flora and Fauna Protection and Conservation Authority/Commission established. Answerable to Parliament Natural Resources Portfolio Committee. Appointment of senior staff should be done transparently by the new strengthened and autonomous Public Service Commission	Flora and Fauna Protection and Conservation Authority/Commission established. Answerable to Parliament Natural Resources Portfolio Committee. Appointment of senior or executive position be done transparently by New Strengthened Public Service Commission	MoTCE	Medium term

<p>6.6. Appointments at the state-owned enterprises are not based on merit and result in a very poor performance</p>	<p>Unbridled political interference in management of state-owned enterprises</p>	<p>State-Owned companies are managed under the respective mother ministry and needs to be brought together under one coordinated institution</p>	<p>All State-Owned Enterprises/Corporations (BEDCO, LNDC, WASCO, LEC, BoS etc) Need to abide by the Mohlomi Corporate Governance Code. Boards, CEOs, Directors and Senior level staff have to be appointed by the strengthened and autonomous PSC. CEOs must operate under Performance Management Contract. Each answerable to Public Enterprises Authority and onward to the relevant</p>	<p>All State-Owned Enterprises/Corporations (BEDCO, LNDC, WASCO, LEC, BoS etc) Need to abide by Mohlomi Corporate Governance Code. Boards, CEOs, Directors and Senior level staff have to be appointed by the Strengthened PSC. CEOs must operate under Performance Management Contract. Each answerable to the relevant Parliamentary Committee</p>	<p>MoLPA</p>	<p>Medium term</p>
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			Parliamentary Committee			
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<p>6.7. Appointments at the state-owned enterprises are not based on merit and result in a very poor performance</p>	<p>Unbridled political interference in management of state-owned enterprises compromises their performance</p>		<p>Strengthen the Lesotho Communication Authority. Appointments of senior staff are to be done by the restructured and autonomous Public Service Commission. Senior Officials should be under Performance Management Contract. The Authority should also be answerable to the Economic Cluster Portfolio Committee in Parliament</p>	<p>Strengthen the Lesotho Communication Authority, Appointments at senior levels be done by restructured Public Service Commission. Senior Officials should be under Performance Management Contract. The Authority should also be answerable to the Economic Cluster Portfolio Committee in Parliament</p>	<p>MoCom</p>	<p>Medium term</p>
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Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
6.8. Uncoordinated efforts on the Energy portfolio	Focused energy related portfolio	Energy activities are fragmented and coordinated separately in different organizations	Establish Energy Authority	Establish Energy Authority	New initiative/MoE	Medium term
6.9. Appointments at the state-owned enterprises are not based on merit and result in very poor performance	Unbridled political interference in management of state-owned enterprises adversely affect performance	DCEO executive appointment are done by the Ministry of Finance	Strengthen the Directorate of Corruption and Economic Offences. Head and senior staff be appointed by new and autonomous PSC. Strengthen on the expertise of the institution	Strengthen the Directorate of Corruption and Economic Offences. Head and senior staff be appointed by new and autonomous PSC. Strengthen on the expertise of the institution	Ministry of Finance, DCEO	Medium term

<p>6.10. Appointments at the state-owned enterprises are not based on merit and result in very poor performance</p>	<p>Unbridled political interference in management of state-owned enterprises tend to adversely affect performance</p>	<p>CBL executive appointment are done by Minister of Finance. The Governor is appointed by the King on the Advice of the Prime Minister</p>	<p>Autonomy of the Central Bank should be respected and safeguarded. Board members should be appointed by the relevant/appropriate Parliamentary Committee or autonomous PSC or Council of State. The Governor and Deputies should be appointed by the King on the advice of Parliamentary Economic Cluster or the Council of State. CBL should report directly to Parliamentary Economic</p>	<p>Strengthen the operation of the Central Bank of Lesotho. Board members should be appointed by the relevant/appropriate Parliamentary Committee or autonomous PSC. The Governor and Deputies should be appointed by the King on the Advice of either Parliamentary Economic Cluster or Council of State. CBL should report directly to Parliamentary Economic Cluster Portfolio Committee</p>	<p>CBL</p>	<p>Medium term</p>
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			Cluster Portfolio Committee			
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6.11. Need to autonomise the Office of Auditor General and should report directly to Parliament	Non-Compliance and implementation of the Auditor Generals Recommendations	Auditor General's Office is under the Ministry of Finance	Capacitate the Office of the Auditor General and expedite implementation of Autonomy of the Office. Auditor General should account directly to the Public Accounts Committee	Capacitate the Office of the Auditor General and expedite implementation of making the Office autonomous. Auditor General should account directly to the Public Accounts Committee	AG	Medium term
6.12. Need to review and revise some old economic related laws that hinders development	Old laws that form an obstacle/huddle to development activities	Parliament is the custodian of legislative frameworks	Review and Revise all old archaic legislation that hinders development to ensure development legislative framework	Review and Revise all old archaic legislation that hinders development to ensure development legislative framework	MoLPA, NPB	Medium term

Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
7. Constitutional						
7.1. Need for reactivation of National Planning Board	Planning process has been compromised and ineffective due to deactivation of NPB	It is stated in Section 85 of the Constitution	Reactivate NPB immediately. During the review of the Constitution elevate NPB to the Planning Commission	Reactivate NPB immediately. During review of the Constitution raise NPB to the level of the Planning Commission	NRA, PM's Office	Medium term
7.2. Need for reactivation of National Planning Board	The planning is ineffective currently within the Ministry	It is stated in Section 85 of the Constitution	Ministry of Planning will be absorbed by NPB becoming the Secretariat of the National Planning Board	Planning ceases to be a Ministry and become Secretariat of the National Planning Board	PM's Office, Parliament	Medium term
7.3. Bureau of Statistics should remain under the Planning Board and later Under Planning Commission	Keep statistics function together with the planning function	Bureau of Statistics requires strengthening	Statistics should serve under the National Planning Board.	Statistics should serve under the National Planning Board.	PM's Office	Medium term

<p>7.3. National Development Manpower be moved to either Ministry of Education and Training or Ministry of Labour and Employment. It represents investment in human capital</p>	<p>National Development Manpower Secretariat is moved to a more appropriate home once the National Planning Commission is reactivated</p>	<p>Currently NMDS is under Ministry of Planning</p>	<p>National Manpower Development Secretariat (NMDS) is to be moved to either Ministry of Education and Training or Ministry of Labour and employment</p>	<p>National Manpower Development Secretariat (NMDS) is to be moved to either Ministry of Education and Training or Ministry of Labour and Employment</p>	<p>PM's Office, MoEDT, MoLE</p>	<p>Medium term</p>
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Issue Observed by Stakeholders	Challenges Posed	Status Quo	Solutions	Type of Action	Implementing Agency	Time Frame
7.4. Need for strong advisory body in the Prime Minister's office	The need for economic advisory body as There is a vacuum in economic guidance across GOL	Prime Minister's and Deputy Prime Minister's Offices have purely politically appointed Economic Advisers	Establish a Council of Economic Advisers (or Economic Advisory Council): - located in the Cabinet Office. It will advise the entire cabinet. Members appointed by the Economic Cluster in Parliament;	Establish a Council of Economic Advisers (or Economic Advisory Council): - located in the Cabinet Office. It will advise the entire cabinet. Members will be appointed by the Economic Cluster in Parliament;	New Initiative PMs Office	Medium term

<p>7.5. Need to review and revise the project coordination, and monitoring and evaluation on the public projects</p>	<p>Projects under line ministries are not properly implemented owing to inadequate intellectual capacity, poor leadership, poor project design and preparations, poor monitoring and evaluation.</p>	<p>Project Coordination unit is currently under the Ministry of Planning and Development</p>	<p>Improve the M&E systems for infrastructure development. M&E will fall under NPB</p>	<p>Improve the M&E systems for infrastructure development. M&E will fall under NPB</p>	<p>NPB</p>	<p>Medium term</p>
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LOGFRAME 2: WRITTEN SUBMISSION REPORTS: ECONOMY AND FINANCIAL ISSUES

Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
1. TRADE AND INVESTMENT						
1.1 Need to amend the Companies Act of 2011	Traders are incorporating and applying for licenses separately	Duplication of efforts as all the documentation and information required for both processes is the same	Trader should only pay for the incorporation and then company licensing should come automatically once a company has been incorporated	Repeal the Trading Licenses Act of 1993 and apply only Companies Act of 2011 where post incorporation traders can report their activities	Min. of Trade and Industry	Medium term
1.2 Need to review company registration, incorporation and licensing cost	Traders pay an amount of M530.00 for registration and incorporation of company and then have to pay another money ranging from M300-3000.00 respectively to acquire licenses	The cost is higher and not affordable to youth and other vulnerable groups, who may have good entrepreneurial skills but blocked from business entry by the cost license and incorporation	Reduce the cost of licensing to allow youths easy entry to business, as they lack access to finance	Reduce the cost to M530.00 inclusive of incorporation and licensing	Min. of Trade and Industry	Short term

Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
1.3 Need to establish Competition Authority/Commission	There is no Competition Authority or Commission	No regulatory body on the unfair business practices and competition	Establish the Competition Authority/Commission	Establish the Competition Authority/Commission by Act of Parliament to regulate fair business environment in the country	Min. of Trade and Industry, Law and Parliament	Medium term
1.4 Need to establish Consumer Rights Commission	Consumer Protection Unit at the Ministry of Trade and Industry	Not effective because it does not have clear legal mandate to regulate the consumer rights	Establish the Consumer Rights Commission to guard and protected the rights of consumers by law	Establish the Consumer Right Commission by Act of Parliament	Min. of Trade and Industry, Law and Parliament	Medium term

<p>1.5 Need to establish Bureau of Standards</p>	<p>There is the Department of Standards and Quality Assurance in the Ministry of Trade and Industry. Yet all the Bureau functions are done from the South African Bureau of Standards at high cost to the traders</p>	<p>The Department is not effective because it cannot perform Bureau of Standards functions, Department capacitated to deal with policy only</p>	<p>Establish the Bureau of Standards to guide industry's production and environmental sustainability</p>	<p>Expedite the operationalization of the Bureau of Standards Board and Expedite the construction and completion of the Bureau of Standards Infrastructure</p>	<p>Min. of Trade and Industry, Finance</p>	<p>Medium term</p>
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Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
1.6 Need to establish Industrial Economic Zones	Only about 3 districts which are earmarked for industrialization	This results in influx and lot of population congestion in industrial areas overstretching utilities and services, and breeds crime and other anti-social practices	Develop Specialized Economic Processing Zones in every district	Establish the Special Economic Zones by Act of Parliament and Expedite the implementation of the Local Government Decentralization Policy, which will allow districts to have powers to design, plan, budget and implement their own programmes as may be competitive and cost effective	Min. of Trade and Industry, LNDC, Local Government, and Parliament	Medium term
1.7 The economy is dominated by foreigners	Foreigners dominate small and medium enterprises (SMMEs)	Small local enterprises are out competed	Ministry of Trade and Industry should attract foreigners for industries not the small and medium sized businesses	Foreign Direct Investment should be focused on large scale investment industries and Foreign Investors should be given a quota of Basotho to employ as a condition of their trading licenses	Ministry of Trade and Industry, LNDC	Short Term

Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
2. Procurement						
2.1 Need to prioritise Youth and other Marginalized groups in the Public Procurement	Procurement Manual of 2007 does not provide for special treatment for Youths and other marginalized groups like women and disabled people	This promotes more disparity and inequality due monopoly and rampant corruption which also discourage new entrants	Repeal Procurement regulations and Manual of 2007 and introduce new regulations and laws that are Youth, Gender and Disability sensitive	Establish the Procurement Authority by Act of Parliament and incorporate the National Youth Policy 2017-2030, which states that 25% quota must be spared for Youth	Min of Finance and Parliament	Medium term
2.2 Need to introduce compulsory Sub-contracting to Youth, Women and Disability owned companies	No policy or regulation to this effect	Marginalised groups are not effective in the economic activity, because of the Access to Finance barrier and unfair competition	Any company awarded more than M5,000,000.00 million worth of Public tender must be forced by law to subcontract to the minimum of 20% of the works a Youth, Women or Disability owned company	Expedite the development and operationalization of marginalized groups subcontracting policy and regulations	Min. of Finance, Gender, Youth, Sports and Recreation, Public Works	Medium term

Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
2.3 Need to improve on the Government payment systems	No clear payment lead time post supply of goods and services. Sometimes it can even go beyond a year or more waiting for payment	This affects the Business cash flows, destroys credit lines and leads to the shut-down of many companies as they can't sustain operations anymore	Delayed payments should accrue interest at government cost and such interest be surcharged to the public officers for their negligence	Develop a maximum of 30 days payment turn-around system and policy to expedite the service providers payments and improve the sustainability of Basotho businesses	Min. of Finance and Parliament	Medium term
2.4 Need to introduce Centralised supplier database	Currently there are Ministry oriented database which are not transparent	Lack of transparency allows nepotism and corruption in the award of contracts	Database should be centrally controlled and monitored to allow rotation of vendors in the supply of public services and goods	Establish the Central Procurement Vendor Database (CPVD) which should be linked to One Stop Business Facilitation Centre, Lesotho Revenue Authority and National Treasury	Min. of Finance, Trade and Industry, LRA	Medium term

Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
3. State Owned Entities (SOE's)						
3.1 Need to commercialise SOE's and allow private shareholding to enhance performance and accountability	SOE's are still controlled fully and reporting directly under the mother Ministry in question and do not operate commercially	Red tape and a lot of political interference by the Ministers and senior officials	Commercialise and allow private shareholding in the SOE's to relieve Government spending on their subventions and wage bill support	Establish a Public Private Partnership by Act of parliament and then expedite 51% shareholding policy on every SOE	Min. of Finance and Parliament	Medium term
3.2 Need for Securities and Exchange Commission	Central Bank of Lesotho is still the regulatory body on the security markets	Illicit financial flows and uncontrolled fly-by-night business operations evidenced	Develop laws regulating the Securities Markets	Facilitate the law establishing the Securities and Exchange Commission	Min of Finance, Central Bank of Lesotho	Medium Term

3.3 Need to establish Youth Development Agency	Ministry of Gender, Sports and Recreation	Untargeted youth programmes (youth development fund, incubation etc)	Establish the National Youth Development Agency (NYDA) to administer youth related programmes	Facilitate the law establishing National Youth Development Agency by Act of parliament	Ministry of Gender, Youth Sports and Recreation	Medium term
Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
3.4 Need to establish Research Fund	Ministry of Education through National University is Performing this function	Not effective because there are no dedicated funds for Research and Development	Establish National Research and Research Centre	Facilitate the Establishment of National Research and Development Centre by Act of Parliament which will administer R&D Fund and advise the government on the lucrative industries for investments and economic growth	Min of Education; Communications Science and Technology; NUL; Finance and Parliament	Medium term

3.5 Need to re-activate National Planning Board.	Planning Board not active as stipulated by the Constitution. Planning function is by the Ministry of Development Planning	National planning process, Programmes and projects direction are not coordinated and thus frustrates proper implementation	Re-Activate the National Planning Board	Implement the Re-activation of the Planning Board and elevate the Planning Board to a Planning Commission. Membership. should be on merit (long relevant experience and pertinent qualifications)	Min. of Development Planning, Parliament	Short term
Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
4. Administrative						
4.1 Need to consider changing Old Age pension eligibility to 60 years	Old Age pension eligibility is currently 70 years	Retired Civil Servant are still active job hunters after age 60 and hinder Youth to join the job market due to lack of experience	Retirement Age should correspond with Old Age Pension eligibility	Consider a review of Old Age Pension law and Policy to reduce old age pension to 60 years	Ministry of Finance, Parliament	Medium term

4.2 Need to decentralize the budgeting, spending and revenue collection to district level	Budgeting, Spending and Revenue collection are controlled at Central Government	Prioritisation of service delivery skewed to most favoured districts irrespective of their contribution into the Government coffers	Revenues collected at district X should be spend for the development of such district	Decentralise the government activities and Implement the Decentralisation Policy	Min. Finance, Local Government, LRA, Parliament	Medium term
Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
4.3 Need to review government business contracts specifically of mining and water	Government is owning 30% shareholding and Investors own 70% of Shares	Less voice for government and illicit financial outflows, as such foreign owned companies do not re-invest their dividends or profits back to our economy	Review mining agreements, concessions and Contracts commissioned to these foreign owned companies	Facilitate and expedite the review of current government business contract and concessions to favour Lesotho and its people on the extraction of their resources. Dependable international expert advice available upon request	Min. of Finance, Mining, Water and Parliament	Medium term

4.4 Need to review Minimum wage	Minimum wage is currently at M2020 ceiling across the sectors	Current set minimum wage tantamount to exploitation of labour with very low. Hence very slow improvement in their livelihoods	Minimum wage must be increased to M5,000.00 in sectors such as Construction, Security and Textile Manufacturing	Facilitate the review of Minimum Wage to assist workers to earn salaries commensurate with their contribution in the production	Min. of Labour and Employment, Parliament	Short term
Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
5. Agriculture						
5.1 Need to repeal Current Wool and Mohair regulations of 2018. They are iniquitous to the wool and mohair farmers and thus to the country's economy	Wool and mohair farmers are no longer allowed to sell to the broker/buyer of their choice, only single buyer has been licensed as of 2018	There is a monopolistic market created by this regulation which brings unfair competition as well as unfair price offers to the farmers	Farmers should be allowed to sell to the broker or buyer of their choice	Repeal 2018 Wool and Mohair sale regulations, and develop a Scouring Plant which will add value on the product and create employment for Basotho	Agriculture, Small Business and Parliament	Short term

5.2 Need to review high cost or Expensive cannabis licenses	Cannabis license acquisition costs over M500.000 each thus beyond reach of most Basotho.	Denying Basotho entrance into the industry due high cost of the license, hence high corruption in the issuance and continuation of informal farming in rural areas	Cannabis licenses should be affordable just like any other license	Ministry should review the Cannabis license issuance and such license should be issued by the inistry of Trade and Industry under OBFC	Min. of Health, Min. of Trade and Industry	Short term
Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
5.3 Need to establish Market Centre for fresh produce	The Market Centre was established through Enhanced Integrated Framework Project Fund in 2015	Farmers do not have appropriate infrastructure to store, conserve and sell their produce hence many buyers resorted to Bloemfontein Market Centre	Farmers need a market centre facility so that they can sell their produce to the aggregator	Facilitate the operationalization of the Market Centre Facility at Tikoe Industrial Area	Ministry of Trade and Industry, Small Business, Cooperatives and Marketing	Short term
6. Natural Resources						

6.1 Minerals sold unprocessed in raw form and fetch low price in the market	There is no clear national regulation with regard to natural resources extraction tariffs.	Communities where mineral resources are found do not derive any benefits from extractions of such minerals	Mining and construction investors bring in labour from their respective countries.	Prioritise the opportunities to benefit the local communities and districts	Ministry of Natural Resources and Mining	Short term
6.2 Mining licenses issued by the Minister alone clouded in secrecy facilitate corruption	Minister has prerogative to award licenses on the advice of the board	Licenses are taking long to be approved	A representative and transparent board should be constituted to award licenses	Establish Mining Authority	Min. of Natural Resources and Mining	Short term
Issues Observed By Stakeholders	Status Quo	Challenges Posed	Solutions	Type Of Action	Implementing Agency	Time Frame
6.3 Need to establish Diamond Cutting facility infrastructure	Diamonds sold raw at the global market Belgium	Lesotho cannot add any value and employment to its nationals	Introduce the diamond processing plant/centre	Facilitate the establishment of Precious Stones Processing and Marketing Centre	Min of Mining, Parliament, Finance	Medium term

LOGFRAME 3: DIASPORA CONSULTATIONS: ECONOMIC AND FINANCIAL ISSUES

Issue As Observed By Stakeholders	Status Quo	Challenges Posed	Stakeholders Proposed Solutions	Type Of Action	Implementing Agencies	Time Frame
1. National Planning Board:						

<p>1. Unconstitutional planning process that lacks transparency and broad stakeholder participation resulting plans and programmes that lack stakeholder ownership and commitment</p>	<p>Deactivated Constitutionally established National Planning Board (Ref.: Section 85). Lack of transparency and limited stakeholder consultations resulting in weak ownership and lack of commitment</p>	<p>Being a less participatory and unconstitutional planning, monitoring and evaluation process that lacks transparency the views of stakeholders on developmental strategies are stifled. Hence faulty plans & snail-paced economic progress</p>	<p>Comply with Section 85 of the Constitution by reactivating the National Planning Board in order to embark on participatory, transparent and transformative planning, monitoring and evaluation process</p>	<p>Reactivate the National Planning Board to undertake transparent and participatory planning, monitoring & evaluation process. Bureau of Statistics and co-ordination with development co-operating partners should also be handled by the Board.</p>	<p>National Reforms Authority; Cabinet; and the Parliamentary Committee responsible for Economy.</p>	<p>Short Term</p>
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<p>2.1 Award of tenders seen as not based on merit, as not transparent and the procurement system is observed as fragmented</p>	<p>Public procurement system is fragmented (scattered among various agencies). Set procedures have loopholes. Percentage edge granted Basotho bidders considered insufficient. Transparency is lacking</p>	<p>Award of tenders has been favoring foreign, as against national bidders. Authorities end up paying above standard prices for mediocre results. Local firms tend to be marginalized. Some foreign contractors bring along own labor thus displacing Basotho.</p>	<p>Government tenders should be opened for all interested competent parties and be allocated to the most qualifying company. They should not be politically biased. First priority should be given to Basotho in donor funded projects. Local companies should be given priority to rent cars to government. Companies awarded tenders should employ Basotho in the vicinity of the project.</p>	<p>(a)Close loopholes which currently allow manipulation. (b)The process should be transparent. (c)Centralize Procurement system under autonomous body. (d)Meticulous autonomous oversight authority with checks and balances should be put in place. (e)Foreign firms awarded tenders should (i)source supplies and labor in Lesotho; (ii) partner with Lesotho firms;</p>	<p>National Reforms Authority; Parliamentary Committee overseeing Economy and finances; Cabinet Office</p>	<p>Medium Term</p>
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Issue As Observed By Stakeholders	Status Quo	Challenges Posed	Stakeholders Proposed Solutions	Type Of Action	Implementing Agencies	Time Frame
15.Entrepreneurship Support and Nurturing						

<p>3.1 Government's current efforts to stimulate and support development of employment generating Small and Medium sized Enterprises (SMMEs), including co-operatives, are considered inadequate and ineffective</p>	<p>Current efforts of the Ministry of Small Businesses, Co-operatives and marketing are perceived as superficial and misdirected. Hence deemed ineffective. BEDCO has deviated from its central mandate of incubating and nurturing start – up SMMEs.</p>	<p>Slow growth of SMMEs currently being experienced translate into continuing rise of unemployment rate, spreading and deepening poverty.</p>	<p>SMMEs and co-operatives should be developed and supported to create employment</p>	<p>Ministry of Small Business, Co-operatives and Marketing should refocus and intensify its efforts. BEDCO should be reformed, strengthened and refocused and it should be decentralized</p>	<p>Ministry of Small Business, Co – operatives and Marketing;</p>	<p>Medium Term</p>

Issue As Observed By Stakeholders	Status Quo	Challenges Posed	Stakeholders Proposed Solutions	Type Of Action	Implementing Agencies	Time Frame
1. Agriculture :						
1.1 Government investment in agriculture is inadequate	Government awards subsidies & expert advice on limited specified agricultural aspects only. Much is excluded. Many aspiring farmers feel excluded	Agricultural production potential of Lesotho is not being fully realized	Intensify investment in agriculture and agro-industry more broadly, including horticulture	Invest in climate change smart Agriculture & develop p agro - industry in areas of comparative advantage through the farming community	Ministry of Agriculture	Medium Term

1.2 Need to develop effective economic growth and development strategy that will lead to full realization of Lesotho's productive capacity potential	Absence of Constitutionally based planning process, lack of clear development strategy & economic mismanagement prevail	Lack of focus, stagnant economy, high unemployment , Income inequalities, Spreading poverty	Reactivate National Planning Board & focus on Manufacturing and Agriculture	Re-activate National Planning Board to produce economic growth & development strategy which will enable realization of Lesotho's potential	The National Reforms Committee and the re – activated National Planning Board	Medium Term
1.3 Need to locate agro –processing factories at source, including those for wool & mohair	No on-site agro – processing factories so far	Transport and storage challenges and missed growth opportunities for the local economy	Locate agro – processing factories at source,	Locate agro – processing factories at source to minimize wastage and boost local economy	Ministry of Trade & Industry	Medium Term
1.4 Efficiency, transparency, and cost of licensing	Lack of efficiency and transparency and prohibitive fees especially with regard to cannabis farming	Many aspiring Basotho farmers are excluded	Ensure efficient, fair and transparent issue of licenses, especially as regards livestock. Lower cost of cannabis licenses for Basotho	Issue licenses efficiently, objectively and transparently at affordable fees	Ministries of Health and of Agriculture	Medium Term

1.5 Experts engaged to advise farmers are concentrated at headquarters	Experts assigned to advise farmers are not easily accessible	Farmers miss out on needed expert advice	Decentralize expert advisory services in agriculture	Expert advisory services should be rendered more easily accessible	Ministry of Agriculture	Short Term
1.6 Worsening soil erosion	There has been deceleration in soil conservation	Usable land is dwindling on account of erosion	Step up soil conservation works using mainly local community	Re-invigorate soil conservation efforts especially at municipality level	Ministries of Forestry and of Community Development & Local Councils	Short Term

ISSUE AS OBSERVED BY STAKEHOLDERS	STATUS QUO	CHALLENGES POSED	STAKEHOLDERS PROPOSED SOLUTIONS	TYPE OF ACTION	IMPLEMENTING AGENCIES	TIME FRAME
2. Regional Trade:						
2.1 Government interference in the marketing of agricultural produce, especially of wool & mohair	There is new Government control & regulation in the marketing of farm products, especially wool & mohair	Disorderly & coercive marketing of farm products, especially wool & mohair has demoralized livestock farmers	Return to status quo ante whereby farmers were free to market their wool & mohair as they see fit	Return marketing choices to the farmers and their associations. Public Marketing Boards & Agents tend to be rent seeking	Ministry of Agriculture	Short Term
2.2 Import of farm products, such as eggs, meat and vegetables, which Basotho produce in sufficient quantities & are of satisfactory quality	There is importation of eggs, meat & vegetables which Basotho farmers consider excessive (ie. tantamount to dumping)	Imported produce outcompetes and displaces local producers	Control quantities imported so that they merely fill any gaps, if any, left by local suppliers	SACU provisions accommodate import limit controls on products identified by the partner country. Such import restrictions are permissible and should be applied	Trade & Industry And LRA (Customs)	Medium Term

<p>2.3 Identification of more tourist attractions in Lesotho needs to be stepped up in order to realize full potential in generating more tourism & create employment. Current marketing efforts need improvement</p>	<p>Ministry of Tourism & the Lesotho Tourism Corporation need vigor & capacity to identify more tourist attractions & to adequately market the country</p>	<p>Tourism potential is not being realized, therefore its full economic benefits are being missed. Tourism infrastructure needs to be developed further</p>	<p>Reform and strengthen both the Ministry & the Corporation in order to fully yield results. Commensurate infrastructure has to be developed. Re-invigorate Maluti Drakensburg Trans-frontier initiative</p>	<p>Both the Ministry & the Corporation need to undergo radical reform along with other Ministries & state owned enterprises respectively</p>	<p>National Reforms Authority</p>	<p>Medium Term</p>
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<p>2.4 Need for all border posts to be fully functional, turned into one stop border gate & operate for extended hours to enhance efficiency & allow easy flow of people and cargo</p>	<p>Some border posts are not active & none is one stop border gate yet</p>	<p>Movement of people & flow of cargo is slowed down thus extending transit and delivery time</p>	<p>All border posts should be functional</p>	<p>Activate all border posts. Extend operating hours. Upgrade them into one stop border posts</p>	<p>Home Affairs, LRA (Customs), Police</p>	<p>Medium Term</p>
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ISSUE AS OBSERVED BY STAKEHOLDERS	STATUS QUO	CHALLENGES POSED	STAKEHOLDERS PROPOSED SOLUTIONS	TYPE OF ACTION	IMPLEMENTING AGENCIES	TIME FRAME
3. Industry:						
3.1 Need to opt for eco – friendly manufacturing as a job generating strategy accompanied by the establishment of the Bureau of Standards	Manufacturing remains a major job generator yet has become stagnant in Lesotho. Establishment of the Bureau of Standards is already in the pipeline	Rate of unemployment has remained high, abject poverty & income inequalities are spreading	Intensify industrialization & government should resuscitate closed factories. Expedite establishment of the Bureau of Standards	Focus on eco-friendly labour intensive manufacturing & climate change smart agriculture & agro – industry, with comparative advantage, together with accompanying services. Establishment of the Bureau of Standards should be expedited	Reactivated National Planning Board, Ministries of Agriculture and of Trade & Industry and reformed LNDC	Medium Term

<p>3.2 Need to domesticate textile industry in Lesotho</p>	<p>Textile industry in Lesotho has not taken root & remains superficial & almost entirely foreign owned.</p>	<p>Foreign disinvestment would result in the collapse of the textile industry</p>	<p>Domesticate textile industry. 60 per cent start – up capital be provided for Basotho entrepreneurs who decide to engage in the textile industry</p>	<p>Textile industry should permeate & take root by engaging more Basotho entrepreneurs and developing forward and backward linkages</p>	<p>Reformed & revitalized LNDC; Trade & Industry</p>	<p>Medium Term</p>
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ISSUE AS OBSERVED BY STAKEHOLDERS	STATUS QUO	CHALLENGES POSED	STAKEHOLDERS PROPOSED SOLUTIONS	TYPE OF ACTION	IMPLEMENTING AGENCIES	TIME FRAME
4. Natural Resources Management:						
4.1 There is no transparency in negotiating and concluding contracts with transnational corporations that are operating in extractive industry. Those contracts are biased against Lesotho. Such contracts pave way for illicit financial outflows	Contracts between transnational corporations operating in extractive industry & the Lesotho authorities are shrouded in secrecy and are biased against interests of Lesotho	Lesotho benefits very little, if at all, from the lucrative extractive industry, especially from diamond mining. This is due to contracts formulated in secrecy that are biased against Lesotho and facilitate illicit financial outflows	Lesotho authorities should revise these faulty biased agreements in a transparent manner. There should be inbuilt tight controls and guaranteed majority shareholding by Lesotho (government & private sector)	Lesotho authorities should renegotiate those biased contracts with transnationals. In doing so seek the advice of reputable international organizations & renegotiate in a transparent manner. Checks and balances and inbuilt controls should be assured. Lesotho should majority shareholding	Reformed Public Procurement System and the Law Office with meticulous oversight by the relevant Parliamentary committee	Medium Term

<p>4.2 There is need for beneficiation on raw materials extracted in Lesotho</p>	<p>There is hardly any beneficiation on raw materials extracted in Lesotho</p>	<p>With no beneficiation Lesotho does not derive any linkages generated benefits</p>	<p>Ensure beneficiation on Lesotho extractives</p>	<p>Lesotho should strive for beneficiation (= value added) of her extractives before export in order to enjoy economic benefits of resulting linkages</p>	<p>Ministry of Trade and Industry & reformed LNDC</p>	<p>Medium Term</p>
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ISSUE AS OBSERVED BY STAKEHOLDERS	STATUS QUO	CHALLENGES POSED	STAKEHOLDERS PROPOSED SOLUTIONS	TYPE OF ACTION	IMPLEMENTING AGENCIES	TIME FRAME
<p>4.3 Lesotho fresh water, fauna and flora, call for better conservation and protection as well as calculated and highly controlled and meticulous use.</p>	<p>Water, fauna and flora conservation and protection efforts in Lesotho fall far short of required standards. Enforcement of existing laws is weak. Heavy losses are being experienced</p>	<p>Depletion is being experienced due to inadequate conservation and protection efforts. Benefits deriving from invaluable fresh water, fauna and flora are increasingly being lost</p>	<p>Update pertinent laws and regulations and enforce them meticulously.</p>	<p>Improve relevant legislative framework and provide necessary infrastructure and services in line with international best practice to service and enforce. The community should be actively engaged.</p>	<p>Department of Environment; Law Enforcement, Community Councils and Village Committees</p>	<p>Medium Term</p>

ISSUE AS OBSERVED BY STAKEHOLDERS	STATUS QUO	CHALLENGES POSED	STAKEHOLDERS PROPOSED SOLUTIONS	TYPE OF ACTION	IMPLEMENTING AGENCIES	TIME FRAME
1. INVESTMENT AND HUMAN CAPITAL						
5.1 Curriculum in Lesotho's schools, especially in tertiary institutions, is outmoded and irrelevant to Lesotho's development needs. There is need for youth and training centres to equip youth with skills that match labor market demands.	Education and training programmes are obsolete and are as such a mismatch with Lesotho's development needs. Technical and vocational training institutions are not adequate for the needs of the country	Young people join the labor market with obsolete and irrelevant qualifications and skills. Completers are either unemployable or if employed through nepotism they cannot add expected value in the work place	Update and retune education and training programmes in a manner that would address Lesotho's developmental needs. Trainees should fit labor market requirements. Meantime labor market adapted continuing education and training (= adult education & training) can provide retraining	Adapt education and training programmes to the development needs of Lesotho. Retrain teachers for delivering re-oriented programmes. Provide relevant continuing education to those already in the labor market, including for retired mineworkers. Increase the number of technical and vocational schools in all districts.	Re-activated National Planning Board; Ministry of Education & Training; Ministry of Labor and Employment	Medium Term

ISSUE AS OBSERVED BY STAKEHOLDERS	STATUS QUO	CHALLENGES POSED	STAKEHOLDERS PROPOSED SOLUTIONS	TYPE OF ACTION	IMPLEMENTING AGENCIES	TIME FRAME
6. FINANCIAL ISSUES						
6.1 Access to affordable financing has been , and continues to be, difficult	Aspiring Basotho entrepreneurs find access to financing their business ventures difficult in the financial sector	Inaccessible financing to Basotho aspiring investors frustrate their intended entry into the currently foreign dominated industry. This slows down growth of industry, economy and employment	Basotho should get easy access to loans from the banks so that they can be able to invest and enter into industry, especially manufacturing. Special development financing windows of Commercial banks remain small.	Lesotho's financial sector is dominated by commercial banking whose focus is in financing commerce. Introduction of project financing institutions, such as development and investment banks as well as savings & loans institutions, accompanied by appropriate financial instruments, should address this expressed need. This is a call for financial deepening and inclusion.	The Central Bank of Lesotho should take the lead; Ministry of Finance should support by steering through Parliament required legislation and by at least partially floating shares of state owned enterprises.	Medium Term

<p>6.2 There are Government revenue raising options not yet harnessed</p>	<p>There are pockets of revenue yielding sources not yet tapped by the Government</p>	<p>Untapped sources of Government revenue means foregoing revenue needed for expenditure on developmental activities and social welfare</p>	<p>Government should set up toll gates along main highways inside the country. Government should raise Lesotho shareholding in Diamond Mining to 70 per cent.</p>	<p>In country toll gates will lead to the rise in the cost of transport. This will cascade along resulting in the rise in the level of prices of goods and services. In any case putting up controls would be a challenge. Lesotho shareholding percentage can be re – negotiated accordingly.</p>	<p>Ministry of Natural Resources; LNDC</p>	<p>Medium Term</p>
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<p>6.3 Stakeholders suggest that there are ways of containing Public Expenditure by arresting perceived excesses especially in the remuneration of Ministers and Members of Parliament. NMDS grants scholarships to all who qualify academically without consideration of the candidate's ability to pay fees and cover living costs out of one's own pocket</p>	<p>Remuneration packages for Ministers and Members of Parliament is are deemed excessive by the stakeholders. NMDS does not exclude those with ability to pay their way through higher education</p>	<p>Lucrative remuneration packages of Ministers and Members of Parliament siphon off funds that would otherwise be directed to developmental activities and social welfare. The same holds true of funds used to award scholarships to those who can afford to pay fees and living costs on their own.</p>	<p>Since salaries for Ministers are relatively high, increments and adjustments in their salaries should not be made for the duration of the term in Parliament. Members of Parliament salaries should be reduced to a reasonable amount. NMDS should confine scholarship awards only to those who cannot afford higher education on their own. Effective mechanism to retrieve study loans should be devised</p>	<p>Remuneration packages among the three arms of Government (Executive, Legislative and Judiciary) and in Government owned enterprises should be streamlined and balanced. NMDS financed scholarships are loans and therefore need not be allotted according to hard to determine inability to afford criterion. More effective strategy for collecting loans repayments need to be devised.</p>	<p>National Reforms Authority; Ministry of Finance, Public Accounts Committee of Parliament, Reformed Public Service Commission</p>	<p>Medium Term</p>
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<p>6.4 Stakeholders advocate setting up of a tax-exempt provident fund for the miners.</p>		<p>Without Provident fund mineworkers may not save for the future.</p>	<p>Government of Lesotho should introduce a tax-exempt provident fund for Basotho working in South African mines for the benefit of their children.</p>	<p>The government can facilitate setting of a provident fund for miners which will benefit retired mineworkers. Retired miners would have to manage the fund themselves. Other already established savings & loans institutions can serve the same purpose.</p>		<p>Medium Term</p>
<p>7. Other Items: 7.1 Infrastructure, energy & water supply in rural areas set the stage for starting and running businesses. They would drive the rural economy into vibrancy.</p>	<p>There are some ongoing efforts to provide electricity, water & sanitation, and access roads.</p>	<p>Without Electricity, water and access roads, rural development becomes difficult.</p>	<p>Engage in rural electrification, water supply & sanitation and construct access roads to bring about vibrancy to the rural economy</p>	<p>Accelerate building of rural access roads, electrification, water & sanitation.</p>	<p>Ministry of Rural & Community Development, Local Councils, LEC, Rural Water Authority</p>	<p>Medium Term</p>

<p>7.2 Waste management is perceived as unsatisfactory</p>	<p>Waste Management is currently in disarray. There is no treatment of waste except sewage.</p>	<p>The current waste disposal management results in contamination of the soil, air pollution, and surroundings are left as an eyesore. It is a health hazard.</p>	<p>Adopt modern standard methods of waste disposal that avoid soil contamination, air pollution and defacing of the surroundings</p>	<p>Construct waste treatment plants especially in high population density communities. To the degree possible resort to recycling</p>	<p>Ministry of Local Government, Ministry of Health, Local Councils</p>	<p>Medium Term</p>
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<p>7.3 Stakeholders observe disturbing spread of drug abuse especially among youth</p>	<p>Drug abuse is spreading among youth</p>	<p>High and growing rate of unemployment , spreading and deepening poverty as well as exacerbating income inequalities have contributed to drug abuse among youth. Health problems arise and crime increases</p>	<p>Set up programmes to combat drug abuse among the youth. Economic growth and development resulting in employment of the youth would go some way in containing spread of drug abuse especially among the young</p>		<p>Ministry of Health and Social Welfare,</p>	<p>Medium Term</p>
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LOGFRAME 4: IN-DISTRICT CONSULTATIONS ISSUES

Issue Observed by Stakeholders	Status Quo	Challenges Posed	Stakeholders Proposed Solutions	Type of Action	Implementing Agency	Time Frame
1. Natural Resources						
1.1 No accountability for LHDA water royalties and other mineral resources such as diamonds	Natural resources exported raw with no value added	Natural resources sold unprocessed with lower value in the global market	Sell at least semi-processed, preferably finished product	Train Personnel and develop processing infrastructure, to competently engage in value addition	Min. of Mining and Min. of Water	Medium term
1.2 Natural resources do not benefit Basotho.	Natural resources mostly mined and exported in raw form. Foreign investors keep the bulk of the proceeds due to poor contracts	Price fetched, and therefore revenue raised, in the international markets is minimal. Lesotho's share of already low proceeds from sales is disproportionately miniscule.	Natural resources should be extracted and processed in order to add revenue. Contracts should be revised to give Lesotho a larger share of the proceeds	Mining industry should be capacitated and capitalized providing Lesotho and Basotho are more effectively engaged	Min. of Mining and Min. of Water	Medium term

1.3 Extraction of natural resources such as diamonds affects water table.	Environmental Impact Assessment of mining is ongoing	Mining operations might pollute the environment	Relevant research should be conducted to determine the extent of pollution and contamination	EIAs should be made, operations monitored and updated so as to mitigate for such perceived risk	Min. of Mining and Min. of Water	Medium term
1.4 Climate change has impacted negatively on Lesotho.	No climate change mitigation strategies in place	Wet-lands are drying out fast and vegetation is dwindling	Engage and implement climate change responsive programmes	Establish Environment Regulatory body	Min. of Tourism and Environment	Short term
1.5 Mining licenses issued by the Minister alone escape scrutiny and open way for corruption.	Minister has prerogative to award licenses	Mining licenses take too long to be approved	Representative and transparent board should be constituted to award licenses	Establish Mining Authority	Min. of Mining	Medium term

1.6 Minerals sold as unprocessed raw materials fetch low prices in the market.	There is no clear national policy or regulation to address issue of natural resources extraction tariffs.	Communities located in areas where mineral resources are being extracted do not gain any benefit from extractions of such minerals	Foreign mining and construction companies bring in their own labour from their respective countries of origin.	Ensure that opportunities emanating from operations benefit the local communities and districts	Min. of Mining	Short term
2. Trade and Investment Issues						
2.1 Lesotho economy is dominated by foreigners	Foreigners heavily dominate the small to medium enterprises.	Small local enterprises are out competed	Ministry of Trade should attract foreigners for large industries and not the small and medium sized businesses	Foreign Investors should be given a quota of Basotho to employ as a condition for being awarded trading licenses	Min. of Trade and Industry	Short term

<p>2.2 Minimum wages are set at very low level by the government such that foreign investors are able exploit Basotho workers</p>	<p>Minister has prerogative to set the minimum wage on the advice of the board</p>	<p>Most of the local employees are paid far below the living wage</p>	<p>Minimum wages should no longer be used as an incentive to attract the FDI</p>	<p>Minimum wages should be based on the labour market rates while complying with International Labour Organisation (ILO) guidelines</p>	<p>Min. of Labour and Employment</p>	<p>Short term</p>
<p>2.3 Government gives investors 70% of shares in the mining industry and that is exploitation of Lesotho's Economy</p>	<p>Government only hold 30% shareholding in the mines and other state-owned enterprises</p>	<p>Illicit finances and more economic outflows which do facilitate growth</p>	<p>Government should re-negotiate contracts in order to increase public shareholding</p>	<p>Government should hold 70% shares and investors should hold 30% in foreign investors</p>	<p>Min. of Mining</p>	<p>Medium term</p>

<p>2.4 Tenders seem to be repeatedly benefiting particular foreign companies only (selective in approach)</p>	<p>Pertinent laws are outdated and not adequately enforced to the much that the local content cannot be protected</p>	<p>All construction and other big tenders are systematically awarded to specific foreign companies</p>	<p>There is therefore erosion of resources as these foreign companies do not reinvest in the country</p>	<p>Reformed procurement policy and manuals should be adhered to by the Ministries to ensure that local companies are capacitated to be in a strong position to participate meaningfully</p>	<p>Min. of Public Works</p>	<p>Medium term</p>
<p>3. Administrative Issues</p>						

3.1 Bloated (over-sized) cabinet.	Currently the number of Ministers and Deputies is over 40	Larger portion or percentage of public spending is used for covering Cabinet remuneration packages at the expense of priority service delivery	Reduce the number of cabinet members and cut on their benefits. For instance, there should be one vehicle per Minister	Reduced the Current Cabinet by half or cut down to 15	PM Office	Short term
3.2 Prime Minister's fleet is too large and expensive.	The Prime Minister has increased the fleet to more than set PMs entourage package	Lots of resources are being channeled towards PMs welfare at the expense of much needed service delivery	PM fleet should be 3 vehicles as the stipulated in the benefit package offered	Reduce the PMs fleet to 3 vehicles as stipulated by the policy of PMs benefits	PM Office	Short term

<p>3.3 Office of the First Lady is irrelevant, and it is doing the same task undertaken by the Ministry of Social Development and the Office of His Majesty</p>	<p>PMs spouse is the First Lady of the Kingdom</p>	<p>There is duplication/overlap of activities among the mentioned offices</p>	<p>Her Majesty office can cover activities now performed by the First Lady</p>	<p>Review the current duties of the First-Lady with those of Her Majesty and Social Development, then streamline so as one most relevant office can be assigned such duty</p>	<p>PM Office</p>	<p>Short term</p>
<p>3.4 M500, 000.00 free-interest loans given to members of Parliament is emptying the fiscus and thus crippling the country's economy</p>	<p>Members of Parliament and statutory position holders are given free-interest loan and government is the guarantor</p>	<p>Larger portion or high percentage of public spending is made on Hon Members of Parliament welfare at the expense of much needed service delivery</p>	<p>Interest-Free loans for statutory positions holders should be repealed by Parliament</p>	<p>Parliamentarians and all M500,000 loan beneficiaries should make their own private loan arrangement with financial institutions</p>	<p>PM Office, Min. of Finance and Parliament</p>	<p>Short term</p>

<p>3.5 Parliamentarians get excessively huge allowances, such as M150.00 for lunch In addition to sitting allowances.</p>	<p>MPs are given M150.00 as Lunch plus Allowance for every sitting</p>	<p>This erodes the public purse and sidelines other essential public goods or services spending</p>	<p>Lunch Allowance should be abolished for MPs</p>	<p>Parliament Standing order should be made in order to repeal the current standing which gives members lunch allowances</p>	<p>PM Office, Min. of Finance and Parliament</p>	<p>Short term</p>
<p>3.5 Absence of National Planning Board.</p>	<p>Planning Board not active as stipulated by the Constitution</p>	<p>Current planning activities are unconstitutional. The process is in any case in disarray and shrouded in secrecy. Development Programmes and projects are not well coordinated, and timely and proper implementation is frustrated. Accountability has been lost.</p>	<p>Re-Activate the planning board immediately</p>	<p>In the medium term elevate the Planning Board to a Planning Commission. Members of the Board later to be Commission should be selected on merit (relevant qualifications and long pertinent experience)</p>	<p>PM's Office, Parliamentary Committee on Economy</p>	<p>Short term</p>

<p>3.6 High unemployment rate.</p>	<p>There is huge unemployment in our population especially among the youth, whether qualified or unqualified</p>	<p>Sluggish economy and inadequate youth economic empowerment , rife corruption and nepotism in public service placements</p>	<p>Opportunities should be created and distributed equitably to all youths and people of this country on merit. Prepare and support youth to be entrepreneurs so that they can be self-employed and also employ others</p>	<p>Comprehensive job creation strategies should be instituted</p>	<p>Min. Labour and Employment and Min. of Public Service</p>	<p>short term</p>
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<p>3.7 Revenue streams such as border gates and toll gates are porous and not well managed, and the funds collected are never declared</p>	<p>The only 4 border gates are declared as commercial</p>	<p>Other border gates are porous and not efficiently managed hence potential collections are not maximized</p>	<p>All borders between Lesotho and South Africa should be adequately mended and well manned to ensure that potential tax collection is realized</p>	<p>Comprehensive review of tax collection strategies is timely</p>	<p>Min. of Finance and LRA</p>	<p>Medium term</p>

3.8 Expensive cannabis licenses	Cannabis license acquisition is above M500.000 each	This frustrates entry of Basotho farmers into the industry due to prohibitively high cost of the license. Hence setting in of corruption in the issuance and continuation of the informal farming in the rural areas	Cannabis licenses should be affordable just like any other license	Ministry should review the Cannabis license issuance and such license should be issued by the Ministry of Trade and Industry under OBFC	Min. of Health, Min. of Trade and Industry	Short term
4. Agriculture						

<p>4.1 High rate of stock theft is crippling Lesotho's economy</p>	<p>Inadequate border patrols between Lesotho and SA</p>	<p>Rampant stock theft on both sides</p>	<p>Security agencies on both sides should work together to curb this problem</p>	<p>Implement and enforce the animal restriction movement law after sun set, and security agencies should monitor facilities</p>	<p>Police, Agriculture and Defense</p>	<p>Short term</p>
<p>4.2 Current Wool and Mohair regulations of 2018 are unduly coercive, strait – jacketing and demoralizing to the farmers and thus adversely affecting the country's economy</p>	<p>Wool and mohair farmers are no longer allowed to sell to the broker/buyer of their choice, only single buyer has been licensed as of 2018</p>	<p>There is an artificial monopolistic market created by this regulation which will breed rent seeking and fetch lower prices for the farmers. Payment of farmers has been in disarray</p>	<p>Farmers should be allowed to sell to the broker or buyer of their choice</p>	<p>Repeal the 2018 Wool and Mohair sale regulations, and develop a Scouring Plant which will add value on the product and create employment for Basotho</p>	<p>Agriculture, Small Business and Parliament</p>	<p>Short term</p>

<p>4.3 Climate change and crop farming.</p>	<p>Crop farmers still rely on old farming methods. Maize, sorghum remain grains of choice. Heavy reliance remains on rain fed farming continues. Fields remain unprotected.</p>	<p>Crops of choice are highly sensitive to changing climate and weather patterns. Long dry periods are more frequent. Destructive storms damaged crops. Very high percentage of arable land is left fallow. Low yields exacerbate food insecurity. Resort to imports and food aid becomes the only option</p>	<p>Farmers have to be trained and retrained as well as provided with targeted subsidies in climate change smart agriculture in areas of comparative advantage.</p>	<p>Government should intensify extension work to guide farmers in adapting to climate change smart agriculture. Farmers have to be persuaded to shift to crops of comparative advantage. Subsidies in those new areas such as Horticulture, and investing more in water harvesting for irrigation, is the way to go</p>	<p>Agriculture, Small Business and Trade and Industry</p>	<p>Medium Term</p>
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<p>4.3 Arable lands should serve the purpose of agricultural production only</p>	<p>Allocation of residential sites are commissioned and leased on Agricultural land</p>	<p>general public, especially the economically vulnerable, that is, those that are in dire financial straits and cannot afford basic needs are more prone to selling arable land.</p>	<p>Allocation of business and residential sites on arable land must be prohibited</p>	<p>Local Government should implement and enforce the application of the Land Act</p>	<p>Agriculture, and Local Government</p>	<p>Short Term</p>
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<p>4.5 There is need for Agricultural Bank to be re-established or else establish some other Development Bank</p>	<p>Farmers have no choice but to borrow from commercial banks which by nature charge high interest rates, to finance their farming activities</p>	<p>Access to finance is difficult yet risk of failure is very high in rain fed farming. This frustrates farming, especially crop farming.</p>	<p>Government should consider a tailor-made agricultural development bank and insurance to cover risk</p>	<p>Invest on Development Bank and mobilize other financial services providers such as insurance companies to create suitable products/packages to mitigate against agricultural farming risks</p>	<p>Agriculture, Finance and Parliament</p>	<p>Medium term</p>

APPENDIX I

FROM NATIONAL PLANNING BOARD TO NATIONAL PLANNING COMMISSION

The National Planning Board which appears in Section 85 of Lesotho constitution should be immediately activated to perform the following functions, among others:

1. To undertake an assessment of available natural as well as human, institutional and financial resources at the disposal of Lesotho;
2. To study mega trends at national, regional and global levels which can impact, or are impacting, on Lesotho;
3. To solicit inputs from stakeholders through broad based consultations regarding envisaged socio – economic development road map, strategic framework, action plan and programmes (stakeholder participation ensures ownership and requisite commitment to faithful implementation of plans and programmes);
4. To assess human (numbers and skills), institutional and technological capacity to implement long term strategic framework, medium term implementation plan and programmes of action;
5. To formulate strategic framework, implementation plan and programme of action that ensure the most effective and balanced utilisation of country's resources.
6. To define the stages, on the basis of priority, in which the plan should be carried out and propose the allocation of resources for the due completion of each stage.

APPENDIX I (CONT.)

FROM NATIONAL PLANNING BOARD TO NATIONAL PLANNING COMMISSION

7. To undertake risk analysis (i.e. possible threats and opportunities to plan and programmes implementation) and suggest its management.
8. To determine the conditions (i.e. enablers) which need to be prevailed for the successful execution of the plan within the incumbent socio-political situation of the country.
9. To determine the nature of the machinery required for securing the successful implementation of each stage of the plan in all its aspects.
10. To set baselines and engage in ongoing monitoring and evaluation during implementation of plans and programmes;
11. To appraise from time to time the progress achieved in the execution of each stage of the plan and also recommend the adjustments of policy and measures which are deemed important vis-a-vis a successful implementation of the plan.
12. To make necessary recommendations to Parliament from time to time regarding those things which are deemed necessary for facilitating the execution of these functions. Such recommendations can be related to the prevailing economic conditions, current policies, measures or development programmes. They can even be given out in response to some specific problems referred to the Board by the government.
13. To devise financing strategy for the implementation of the plan and programmes;

APPENDIX I (CONT.)

FROM NATIONAL PLANNING BOARD TO NATIONAL PLANNING COMMISSION

14. To formulate communications strategy for the planning process;
15. The National Planning Board should in the medium term be upgraded to the level of a National Planning Commission that is directly answerable to the Economic Cluster of Parliament through the Office of the Prime Minister
16. The National Planning Commission should have sub-national and local structures as part of its planning and accountability architecture
17. The National Planning Commission should in the medium term have the following entities as part of its oversight and management infrastructure:
 - (a) Bureau of Statistics;
 - (b) Monitoring and Evaluation Department;
 - (c) Development and Planning Policy Analysis Department;
 - (d) Development Partners Co-ordinating Department

APPENDIX II

RADICAL REFORM OF THE PUBLIC PROCUREMENT SYSTEM

The recommendations of the study on Procurement should be implemented with immediate effect:

1. The main recommendation is that Lesotho should embark on a comprehensive public procurement reform.
2. The Country should enact and operationalize a single Public Procurement Act and its Regulations that regulate public procurement and will be applicable to all public entities. This Act will ensure certainty, uniformity and standardization in processing procurement by all Public Entities.
3. The law is the epicenter of a public procurement system, without which the public procurement function will continue to be in disarray. The law will regulate how public procurement should be conducted, and by who. It will profile public procurement as a strategic function in the public financial management. It will set the goal-posts in the procurement function for value for money, transparency, fairness, ethical behaviour and a hawk-eye system for corruption in procurement.
4. It will establish institutions responsible for procurement and separate Oversight from Procurement Operations. The law will create Procurement Units (automatically shaping out a procurement work-stream in the Public Sector) staffed with a workforce trained in procurement (thus triggering demand for professionalism in the procurement function).

5. The law will allow debarments of errant suppliers, contractors and consultants. It will establish an independent complaints review mechanism that ensures faster and cheaper appeals and complaints resolution and reduce court references.
6. The law will discourage interference in the procurement process. It will be supported by Standard Bidding Documents to be used on a mandatory basis to ensure certainty, uniformity and standardization. These documents are shown on Attachment 1 of this report.

When the bill is enacted, and the institutions established, there will be no more any need to create special procurement units to cater for Donor-financed projects, following their procurement procedures. Lesotho's Public Procurement System will have reached the thresholds of international norms

