

SIGNATURE PAGE

Country: LESOTHO

UNDAF Outcome(s)/Indicator(s): Pro-poor trade development strategies implemented in line with stated objectives in the Poverty Reduction Strategy

Expected Programme Outcome(s)/Indicator(s):

Outcome 1: Strengthened national capacity on trade and development issues
Indicator: Broad awareness and knowledge in Parliament, line ministries, and private sector on trade and development

Outcome 2: Increased investment promotion and partnerships for trade development
Indicator: Preparation of Investment Code and development of Industrialization Masterplan

Outcome 3: Increasingly diversified agri-business sector and its exports from Lesotho
Indicator: Agri-business sector's participation in GDP increased
Indicator: Agri-business exports increased

Expected Output(s)/Annual target(s):

Output 1: National IF Campaign
Indicators: (a) Policy makers, planners and private sector understand national, regional and international implications of trade negotiations (b) Coordination forum and report linked to Poverty Reduction Strategy implementation

Output 2: Investment Promotion Code
Indicators: (a) Comprehensive guidelines on investment promotion in Lesotho (b) Enhanced investment

Output 3: Agri-industry sector development strategies for export promotion.
Indicators: (a) Master Action Plan for agri-industry sector promotion in Lesotho (b) Sensitization for development of the agri-industry sector partners (c) Established umbrella organization to lead the agri-industry export business development (d) Training programs to stakeholders on agri-industry exports and marketing.

Implementing partner: Ministry of Trade and Industry, Cooperatives and Marketing

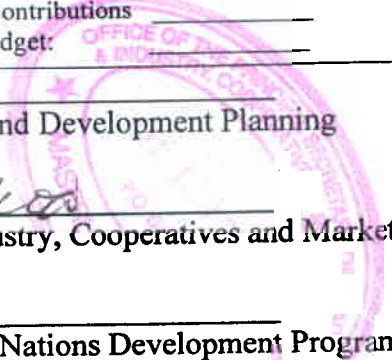
Responsible Parties: Ministry of Trade and Industry, Cooperatives and Marketing and UNDP, with the support of UNIDO, UNCTAD and Enterprise Africa

Programme Period: 2006 – 2007 Programme Component: MTF Service Line 1.4 Globalisation benefiting the Poor Project Title: Strengthening Capacity for an Integrated Approach to Trade Enhancement and Wealth Creation in Lesotho Project Duration: June 2006 – June 2007 Management Arrangement: NEX	Budget: \$ 486 744.00 AOS: \$ 44 758.00 General Management Support Fee: \$ 27 973.00 Total budget: \$ 559 475.00 Allocated resources: _____ • Government _____ • Regular _____ • Other: _____ IF Trust Fund \$ 559 475.00 In kind contributions _____ Unfunded budget: _____
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Agreed by (Government): Dr. Moeketsi Majoro, Principal Secretary, Ministry of Finance and Development Planning

Agreed by (Implementing Partner): Mr. D. M. Rantekoa, Principal Secretary, Ministry of Trade, Industry, Cooperatives and Marketing

Agreed by (UNDP): Ms. Hodan A. Haji-Mohamed, Resident Representative, United Nations Development Programme



Government of Lesotho United Nations Development Programme

Project Number:

Project Title: Strengthening Capacity for an Integrated Approach to Trade Enhancement and Wealth Creation in Lesotho

Start Year: 2006

Budget Financing (in US \$)	
Total	559 475.00

End Year: 2007

Executing Agent: NEX - National Execution

Implementing Agent: Ministry of Trade and Industry, Cooperatives and Marketing

Revision Type: INI - Initial

Brief Description

The overall objective of the project is to strengthen national capacity under the Integrated Framework for Trade Related Technical Assistance (IF), in order to formulate and implement effective trade and investment strategies that support poverty reduction and wealth creation. The project will support the implementation of the recommendations from the Diagnostic Trade Integration Study (DTIS) and the Investment Policy Review (IPR), which have outlined strategic responses to strengthening Lesotho's integration into the world-trading environment. The project will further complement the implementation of the Poverty Reduction Strategy under the poverty priority support programme¹. Three main components comprise the project: (1) Capacity strengthening and awareness on the Integrated Framework for Trade Related Technical Assistance, through strengthening the IF Secretariat within the Ministry of Trade & Industry, Cooperatives and Marketing (MTICM), (2) Investment Promotion Review, and (3) Development and implementation of an agro-sector wide strategy for exports promotion. The lead partner of this project will be the MTICM. The project will be undertaken within the specific national context of the National Vision, the Poverty Reduction Strategy.

¹ Priority Support Programme – Integrated programme funded by Department for International Development to support implementation of Government of Lesotho Poverty Reduction Strategy in the areas of HIV and AIDS; Job Creation; Food Security; and Governance, Safety and Security

Section I.

Part I. Situation Analysis

The key challenges for Lesotho are the spread of HIV and AIDS -estimated at a prevalence rate of 23.2%²- and the high levels of urban and rural poverty (58%)³. There is strong international consensus that one of the key preconditions for substantial and sustainable improvements in the livelihoods of the poorest is growth and stability. The expansion of international trade and participation in the world economy can, under appropriate circumstances, promote long-term economic growth, poverty reduction and human development, as trade allows economic agents to use their productive potential in the most effective way. The Government of Lesotho is committed to creating an enabling environment for the promotion of sustainable human development, and recognises the role that international trade can play in contributing to poverty reduction. Underpinning these preconditions is democratic stability and good governance, which provide an enabling environment for economic growth and equity distribution of its benefits to different levels of society. Since public policy has a pivotal role, the Government is promoting pro-poor policies through the participatory process undertaken to development a National Vision and Poverty Reduction Strategy, approved in June and December 2004, respectively.

With declining incomes from agriculture and workers' remittances from Basotho miners in neighbouring South Africa, the relatively open economy is highly dependent on export revenues of the country's natural resources and the garment sector. Among countries with similar developmental characteristics, Lesotho's foreign trade and investment performance has gained recognition from the Africa Growth and Opportunities Act⁴, in which it has become the leading exporter of garments, creating over 50,000 jobs in an economy characterised with high unemployment rates.⁵ However, this success has not created any significant promotion of private sector development and/or any backward linkages for diversification for sustainability. With the end of the Multi Fibre Agreement and with exchange rate fluctuations, the garment and textile sector is now being challenged in terms of employment and investment opportunities.

In line with pro-poor policy reform, UNDP has collaborated with the Government of Lesotho through the Integrated Framework for Trade-related Technical Assistance (IF)⁶. The IF is the key instrument for the UN system, in partnership with development partners, to identify and link pro-poor trade policies with the Poverty Reduction Strategy and national development plans. One of the first steps of the IF process involved the preparation of a Diagnostic Trade Integration Study⁷ (DTIS). The DTIS addresses how the country can enhance economic development and poverty reduction through a review of the investment climate, institutional arrangements and issues on market access. Recommendations from this Study were a key input into formulation of the National Vision and Poverty Reduction Strategy.

² NAC / Ministry of Health and Social Welfare / UNAIDS, 2005

³ Calculated in 2001 from the Household Budget Survey, Bureau of Statistics, 1994/1995

⁴ AGOA - www.agoa.info

⁵ Statistics on unemployment range from 23-50% depending on the source, even with consultative methodologies led by the national institution mandated to verify, monitor, and validate the national statistical system - Bureau of Statistics - Ministry of Finance and Development

⁶ The IF facilitates the coordination of trade-related technical assistance and promotes an integrated approach to assist Least Developed Countries to enhance their trade opportunities. Participating agencies are the International Monetary Fund (IMF), the International Trade Centre (ITC), the United Nations Conference for Trade and Development (UNCTAD), the World Trade Organisation (WTO), the World Bank and the United Nations Development Programme. The lead facilitator in Lesotho is DfiD - a key donor of the UNDP managed global IF Trust Fund.

⁷ In Appendix 2

In February 2003, the Government of Lesotho and UNDP hosted the national conference on the IF and the Investment Policy Review (IPR)⁸, presenting key policy recommendations for all stakeholders to bring Lesotho closer to the global economy. The conferences succeeded in drawing up an action plan for the Government of Lesotho to further enhance trade capacity and pro-poor reforms. The goal is to strengthen the linkage of the IF process to the National Vision and Poverty Reduction Strategy processes, with the overall aim of promoting the integration of Lesotho into the global economy. The recommendations of the IPR and DTIS were approved by the Government of Lesotho, particularly to support a more conducive environment for domestic private sector development, and backward linkages for diversification to impact on poverty reduction. UNDP has served as a national coordinator on the ground, representing the core IF agencies on the National Steering Committee, and supporting Government in the implementation of the recommendations. Lesotho needs to enhance local institutional policies to more effectively negotiate trade privileges, improve the investment framework and human resource development, and strengthen local entrepreneurship in key strategic sectors.

Since then, the Government of Lesotho has implemented the Department for International Development (DfID) funded Lesotho Trade and Poverty and Making Commodity Markets Work for the Poor⁹ programmes. In addition, UNDP has worked closely with USAID, WTO, UNCTAD and UNIDO to support strengthening Lesotho's public and private sector capacity to negotiate trading, global agreements, and to improve the legislative and policy environment. A review of the institutional arrangements within the Ministry of Trade and Industry, Cooperatives and Marketing and the statistical system of trade data quality, supports implementation of the on-going process of a Public Sector Improvement Programme (PSIRP) to promote transformational change and accountability in the policy environment, and capacity to better negotiate and manage trade issues for poverty reduction.

Being a landlocked country completely surrounded by the more developed neighbouring South Africa, Lesotho can effectively use its regional and international ties to ensure that trade and investment contribute to poverty reduction and wealth creation.

The DTIS was drawn on the work done for Lesotho's Poverty Reduction Strategic Paper (PRSP) and the National Vision, UNCTAD's Investment Policy Review, the WTO's Trade Policy Review for SACU, DFID's Africa Trade Policy and Poverty Project (ATPP), the World Bank's Growth Options Study (GOS)—as well as other projects carried out by the Government of Lesotho (GoL) and other core agencies and donors such as a report on the garment sector funded by the UK Department for International Development. The IMF, ITC, UNCTAD and WTO prepared background papers for the Lesotho IF study. The DTIS outlines a two-pronged approach for Lesotho, to effectively take advantage of its geographical location and regional agreements, and also to strengthen capacity to better negotiate international trade agreements and trade privileges to impact positively on the poor.

One sector identified for a higher diversification in the economy is the agro-industry. Thus, the project has both components, capacity building focused on integrating Lesotho into global trade, and export-led strategies for poverty reduction in the agro-sector.

⁸ UNDP in collaboration with the United Nations Conference of Trade and Development (UNCTAD) collaborated with the Government of Lesotho to review how and what is needed to improve the investment climate for the country, including specific emphasis on the imminent challenge of preferential agreements

⁹ Funded by DfID, technical capacity support programmes by SADC, USAID, WTO, UNCTAD, UNIDO, UNDP's Regional Programme on Trade and Capacity Development.

Part II. Strategy

Building on the efforts and gains from the Lesotho Trade and Poverty and Making Commodity Markets Work for the Poor programmes, and in recognition of impacts of HIV and AIDS in the attainment of the Millennium Development Goals, the programme will strengthen implementation of the DTIS action matrix, Poverty Reduction Strategy and National Vision.

The programme will strengthen coordination to assist the *basotho*¹⁰, in order to strategically position themselves to participate in the global economy, and enhance their capacity on the Integrated Framework. The programme will include sensitisation and advocacy on IF for all key stakeholders¹¹, with the overall aim to strengthen coordination on the national level, the communication between the MTICM, Foreign Affairs, and the Lesotho mission in Geneva, and to strengthen the capacity, role and focus of the IF National Steering Committee.

The programme will further ensure support to the development of an Investment Code in collaboration with the United Nations Conference for Trade and Development and the development of an Industrialisation Masterplan in collaboration with the United Nations Industrialisation Development Organisation. These key policy instruments should support on-going collaboration for enhanced investment promotion and coordination under the leadership of the Lesotho National Development Corporation and the Lesotho Tourism Development Corporation. Finally, the project will also provide with a Masterplan for the development of the agro-industry sector export strategies.

Hence, the overall programme of support will be based on three pillars:

- ◆ Support key stakeholder sensitisation on the Integrated Framework for Trade Related Assistance, to strengthen coordination and implementation of the Poverty Reduction Strategy through a better understanding of the regional and international trade environment. This component will aim to strengthen trade negotiation and investment promotion skills of staff within key stakeholders. The key stakeholders are: Ministry of Industry, Trade and Marketing; Ministry of Finance; Ministry of Development Planning; Ministry of Foreign Affairs; Ministry of Agriculture; Lesotho National Development Corporation; the Basotho Enterprises Development, private sector, parliament, trade unions and other members of the National IF Steering Committee. The programme will draw upon the support and collaboration of the UNDP Regional Service Centre, UNDP Geneva Trade and Human Development Unit, and the Regional Project on Trade and Capacity Development.
- ◆ Support, in collaboration with the United Nations Industrialisation Development Organisation (UNIDO), the review and development of the Investment Code framework within the context of the National Vision and Poverty Reduction Strategy.
- ◆ Elaboration of a detailed Master plan that will serve as reference to guide agro-industry growth and exports through i) sensitization all the sector stakeholders, ii) an institution to foster agro-industry exports that will be based and depend on the MTICM, and iii) training programs to increase SMMEs capacity to diversify their production and exports.

With poverty reduction being one of UNDP's five priority areas of focus, the core of UNDP's mission is eliminating poverty and meeting the Millennium Summit goals of halving extreme poverty by 2015, through its global partnerships. UNDP's Second Global Cooperation

¹⁰ People from Lesotho

¹¹ In particular Parliamentarians, line ministries, private sector, employer associations and trade unions.

Framework 2001-2003 (GFR II) perceived the risks and opportunities of globalisation as well as equitable and sustainable growth as among priority concerns. It drew attention to the need for “appropriate policies ...to empower developing countries to identify and seize emerging opportunities and to influence the shaping of global regimes to better represent their concerns” and the need for “integrating strategies for poverty reduction and equity, including gender goals, into macroeconomic frameworks and national development priorities to support equitable growth and development processes.” Capacity building for trade in the new global context is therefore a critical element in scaling up the poverty reduction and environmental sustainability effort. “Making globalisation work for Africa” is identified by the UNDP Second Regional Cooperation Framework for Africa 2002-2006 (RCF II) as a strategic area of support for leveraging progress towards the overall goal of bringing Africa into the global economy. The main results that are expected to flow from interventions in this area include (i) “improved capacity of national governments and regional organisations to formulate effective trade and investment strategies and policies” and (ii) “methodologies and tracking indicators tested and developed for better integration of poverty reduction and equity into economic policy formulation”.

Part III. Management Arrangements

The programme will be nationally executed by the MTICM as the Executing Agency. Day to day business of the programme will be managed by the national IF Focal Person (Deputy Principal Secretary at the MTICM) with the support of a dedicated national officer to coordinate the overall activities of the programme. The Ministry will be responsible for the recruitment of a qualified national IF Coordination Officer, dedicated to work within the programme in coordination with the DfID funded technical assistance team under the Job Creation component of the Poverty Reduction Strategy Priority Support Programme. The national IF Coordination Officer will be based at the MTICM. Through the Principal Secretary at the MTICM, the IF Focal Person will be answerable to the IF National Steering Committee, which consists of key stakeholders in the implementation of the recommendations of the Diagnostic Trade Integration Study and Job Creation component of the DfID funded Poverty Reduction Strategy Priority Support Programme.

Technical and management support will be provided by UNDP to ensure that programme activities of non-resident UN agencies (UNCTAD, UNIDO, and Enterprise Africa) enhance coordination to support strengthening trade development and capacity in Lesotho. This includes technical support and collaboration with the UNDP Regional Service Centre in Johannesburg, the UNDP Trade and Development Unit based in Geneva, and the UNDP Regional project on trade and capacity development.

Part IV. Monitoring and Evaluation

MTICM will be responsible for successful implementation and the delivery of the programme outputs. MTICM, through the national IF coordination officer, will be responsible for monitoring the whole programme, and providing quarterly progress reports to the National IF Steering Committee.

An audit of the programme will be conducted by an independent and legally recognised Government auditor, as per the established procedures set out in the UNDP Programming and Finance Manuals.

Part V. Legal Context

The legal context for UNDP supported programmes of the Kingdom of Lesotho is set out in the Standard Basic Agreement entered into by the two parties on 31 December 1974. This Programme Support Document (PSD) shall be the instrument referred to as a Plan of Operation envisaged in Article 1, paragraph 2 of the Standard Basic Agreement. In accordance with the provisions of that agreement, the following types of revisions may be made to the Programme Support Document (PSD) with the signature of the UNDP Resident Representative only, provided he/she is assured that the other signatories of the PSD have no objection to the proposed changes:

- a) Revisions in, or addition to, any of the annexes of the PSD
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but which are caused by rearrangement of the inputs already agreed or by costs due to inflation
- c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased extent of other costs due to inflation or take account of agency expenditure flexibility

Section II. Project Results and Resources Framework

<p>Intended Outcome as stated in the Country Programme Results and Resource Framework: National institutional capacities strengthened for implementation of improved trade facilitation and coordination of global partnerships for development</p> <p>Outcome Indicators as stated in the Country Programme Results and Resources Framework: Wealth creation through global trade integration</p> <p>Applicable MYFF Service Line: 1.4 Globalisation benefitting the poor</p> <p>Baseline: Weak Institutional capacities to implement Poverty Reduction Strategy and the Diagnostic Trade Integration Study recommendations</p> <p>Partnership Strategy: Main partners will be:</p> <p>a. The Ministry of Trade and Industry, Cooperatives and Marketing</p> <p>b. IF National Steering Committee</p> <p>Project title and ID (ATLAS Award ID):</p>			
Intended Outputs	Indicative Activities	Responsible parties	Inputs
<p>1. Enhanced Coordination of Integrated Framework for Trade Related Technical Assistance (IF) issues in Lesotho</p>	<p>1.1. Recruitment of IF National Coordinator</p> <p>1.2. Sensitisation of IF National Steering Committee on national, regional and international trade agreements</p> <p>1.3. Sensitisation of key stakeholders including planners and policymakers, Parliamentarians, private sector, employer associations, trade unions and civil society (to be evaluated through a baseline and a final survey)</p>	<p>MTICM & UNDP</p>	<p>Technical expertise from UNDP Regional Service and Geneva Trade and Human Development Unit Centre and on-going SADC programme</p> <p>Training and regional seminars for negotiations on Doha Work Programme and EU-ACP Economic Partnership Agreements – support from Regional Trade and Capacity Development Programme</p> <p>Collaboration and coordination with Ministry of Foreign Affairs and Lesotho Consulate in Geneva</p>
<p>2. Improved Investment Climate</p>	<p>2.1 Review of the framework and full development of an Industrialisation Masterplan for Lesotho.</p> <p>2.2. Capacity building in investment promotion</p> <p>2.3. Legislative review and development of Investment Code</p>	<p>MTICM, UNDP with the support of LNDC, LTDC,</p>	<p>Technical expertise for development Investment Code and Industrialisation Masterplan.</p> <p>Coordination with Job Creation</p>

<p>3. Agro-industry sector development strategies for export promotion</p>	<p>2.4. Stakeholder consultations to strengthen capacity and implementation of a strategy for a sustainable and competitive apparel industry</p> <p>3.1. Detailed study about the present situation of the agro-industry sector in Lesotho, current situation of its exports, and future opportunities. Recommendations made in a detailed Master action plan, which will guide the next steps to foster its development:</p> <p>3.2. Linked with the Action Plan, a sector-extensive sensitization campaign is put into place.</p> <p>3.3. Established umbrella organization to lead the agro-industry export business development.</p> <p>3.4. Comprehensive Training Program is developed</p>	<p>UNCTAD, UNIDO, DFID MFA Forum</p> <p>MTICM, UNDP with the support of Enterprise Africa</p>	<p>component of GoL/DFID Poverty Reduction Priority Support Programme. Collaboration and cooperation with progress of establishment of One-Stop-Investment Shop.</p> <p>Technical expertise from data and policy analysis from the Poverty Reduction Strategy Priority Programme and coordination with the SADC regional group negotiations.</p> <p>Technical expertise from Enterprise Africa for the strategic action plan of agro-sector development and exports promotion.</p>
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Section III. Total Work Plan

Expected Output	Key Activities	Timeframe				Responsible Party	Fund	Donor	Planned Budget	
		Q1	Q2	Q3	Q4				Budget Description	Amount
1. Enhanced coordination of IF issues in Lesotho	1. Sensitisation workshops on IF and trade and development	X	X	X	X	MTICM IFNC?	IF		Learning: One Workshop per quarter Stationery and supplies	24,000 6,000
	2. Coordination and support to IF National Steering Committee	X	X	X	X	IFNC MTICM	IF		Workshop Reporting and Evaluation activities Baseline survey and final survey to all stakeholders National IF Coordinator Equipment: Laptop, Printer, Furniture, Cell, Copier Travel	4,000 6,000 40,000 20,000 20,000
2. Improved investment climate	Sub total									109,000
	1. Preparation of Investment Code and development of Industrialization Masterplan	X				UNCTAD UNIDO MTICM	IF		1 International Consultant 1 International Consultant Local consultant	40,000 40,000 15,000
3. Agro-industry sector development strategies for export promotion	2. Investment Promotion tours and training		X	X	X	MTICM	IF		Travel Learning: 1 Workshop per quarter Workshop Reporting and Evaluation activities	55,000 19,000 3,000
	Sub total									176,000
3. Agro-industry sector development strategies for export promotion	1. Action Plan for agro-industry sector promotion in Lesotho	X				Enterprise Africa	IF		1 International Consultant 1 Local consultant	40,000 15,000
	2. Sensitization of the agro-industry sector partners for development		X			MTICM	IF		1 Local consultant Learning: One Workshop per quarter Workshop Reporting and Evaluation activities	15,000 6,000 1,000
4. Training programs for agro-industry exports and marketing	3. Umbrella organization to lead the agro-industry export business development			X	X	MTICM	IF		Local consultant Equipment: Laptop, Printer, Furniture, Cell, Copier Stationery and supplies Travel	45,000 20,000 5,000 8,244
	4. Training programs for agro-industry exports and marketing		X	X	X	MTICM	IF		Learning: One Workshop per quarter Workshop reporting Stationery and supplies	18,000 3,000 5,000
	Sub total									180,244
	Miscellaneous	X	X	X	X					9,500
	Sub total									474,744
	Audit Fees									6,000
	Monitoring and Evaluation									6,000
	AOS									44,758
	GMS									27,973
	TOTAL									559,475

¹² IFNC: IF National Coordinator

Section IV. APPENDIXES

Appendix 1: Terms of Reference for National IF Coordinator

National IF Coordinator

Location: Office of the Deputy Principal Secretary, MTICM

Duration: 12 months

Background:

Lesotho is facing a changing environment in which regional and multilateral trade negotiations directly impact its ability to participate effectively in the regional and international trading system, both from a policy and a commercial perspective. Lesotho is currently involved in multilateral negotiations within the context of the WTO's Doha Development Round as well as other regional integration initiatives through SADC, bilateral trade agreements with neighbouring countries, as well as ongoing negotiations with the European Union as a follow on to the Cotonou Agreement. The long term competitiveness of Lesotho will be a direct reflection of success of its negotiations to understand, participate in and influence the negotiations to reflect the strategic interests of the Lesotho economy.

There are numerous domestic trade policy issues facing the government that the public and private sector will need to address. These include strengthening institutions supporting trade, improving trade facilitation and customs administration, streamlining non tariff barriers to improve the overall business and commercial environment and to help attract domestic and foreign direct investment, removing transportation bottlenecks and reducing transport costs, simplifying the incentives system for investment, and further implementing policies related to technical barriers to trade.

Limited technical capacity in the government to deal effectively with these challenging international and national issues, which is highlighted in the Lesotho Diagnostic Trade Integration Study and other reports, is serious concern to government and therefore there is an urgent need for an IF National Coordinator to strengthen coordination and support to the IF Focal Point and the work of the National IF Steering Committee.

The broad duties of the IF National Coordinator will:

- Coordinate all the components of the project, will prepare the ToRs for the required consultants in coordination with the IF focal person, UNDP, UNIDO, UNCTAD and Enterprise Africa.
- Monitor the project activities and will prepare the quarterly reports that will be submitted to the IF Steering Committee.
- Provide advice on policy issues and facilitate trade capacity development of the IF National Steering Committee and officers in government, and more specifically, in the Ministry of Trade & Industry, Ministry of Finance and Development Planning and Ministry of Foreign Affairs, which have the primary responsibility for the formulation and implementation of trade related policies.
- Provide advice to the Principal Secretary for Trade and Industry, Cooperatives and Marketing through the Deputy Principal Secretary on issues related to implementation of the DTIS action matrix. The Coordinator will also work with the broader community of stakeholders on trade issues both within government –to promote inter-ministerial cooperation- and collaboration with the private sector and civil society.
- Provide technical advice on trade policy issues both in the context of multilateral and regional trade negotiations and integration activities as well as domestic policies. In particular, provide, as needed, analysis and assistance in preparing specialized briefs, communications, and technical papers responding to requests for advice and information on the IF.

- Enhance technical capacity through extensive training on trade related responsibilities to meet the challenges of the World Trade Organization and regional trade negotiations. Liaise and coordinate with other training/capacity building institutions (ie. WTO, DfID, UNCTAD, ITC). Promote access to training or other opportunities to enhance the human resources within the MTICM.
- Facilitate ongoing inter-ministerial cooperation among government ministries by strengthening trade functions and interrelationships among the various ministries effecting trade and investment;
- Work with the Ministry of Trade and Industry, Cooperatives and Marketing to promote trade policy discussions and training with the private sector and other stakeholders through the activities of the National IF Steering Committee and other organizations and coordinating entities;
- Work with government officials to develop a public outreach effort to publicize benefits of reforms to government, private sector and other stakeholders including sensitisation on the IF. These efforts would include development of a public education activity with key stakeholders regarding the outcomes of bilateral, regional and multilateral trade negotiations, dissemination of information on trade negotiations and trade agreements; and support to the development of the Ministry of Trade and Industry, Cooperatives and Marketing website for dissemination of information on trade issues.
- Carry out, in coordination with MTICM and UNDP, one baseline and one final survey at the start of the project for all the stakeholders involved, on all the project components.

Qualifications:

- Masters degree in International Trade, Economics, Social Sciences or relevant linked discipline.
- At least 5 years experience and knowledge in trade policy formulation, analysis, preparation of strategic plans, pro-poor enterprises, policies, trade and investment strategies.
- Good communication and negotiation skills.
- Capacity to work at a senior level in government, and in collaboration with NGO and private sector.

Appendix 2: Action Matrix of the Diagnostic Trade Integration Strategy (DTIS)

ACTION MATRIX

INSTITUTIONAL CAPACITY: NATIONAL POLICY MAKING AND TRADE ENHANCEMENT			
Barrier or Opportunity	Policy Action	Technical Assistance	Time Frame
1. Insufficient trade data for policy analysis by government and non-government actors	Computerize customs as a first step to establish a reliable statistical accounting system Integrate data reporting with SACU	IT equipment and software purchases Train staff in data collection and statistical analysis	Medium term
2. Weak analytical capacity in support of trade and investment agreements negotiators	Create trade policy analysis unit in MITM. Expand and train analytical staff. Create coordinating body as recommended below.	Train and equip staff of MITM and other related units in the Ministry of Foreign Affairs, Ministry of Development Planning the Ministry of Law and Constitutional Affairs, and other public and private institutions to conduct economic analysis	Short term
3. Fragmented trade policy process	Create coordinating body	Advice on administrative reorganization and help with setting up IT support.	Short term
4. Opportunities to affect Lesotho's external economic environment Weak industrial base	As above. Organize lobbying effort in the EU and US (see above "the small size domestic market" barrier). Address Address supply side constraints	As above As above in "the small size domestic market" barrier.	Medium term Medium term
REGIONAL INTEGRATION (HOW TO INCREASE DOMESTIC MARKET)			
Barrier or Opportunity	Policy Action	Technical Assistance	Time Frame
5. Excessive economic borders and inconsistent regulatory frameworks within SACU	Harmonize tax systems, licensing and customs procedures, and regulatory frameworks	Train and equip staff for economic analysis; Legal analysis to rewrite laws; Train staff on SACU-wide procedures	Medium term
6. Tariff peaks in SACU tariff and excessive anti-dumping actions create anti-export bias	Assert Lesotho's position in SACU Tariff Board Lobby SACU to reduce tariff peaks in CET Seek to restrain South Africa's anti-dumping actions through SACU	Technical and financial support for data collection systems (including computerization) Training to develop analytical expertise to assess the welfare cost of trade restraining actions	Medium term
7. Onerous rules of origin in SADC Trade Protocol prevent development of regional supply chains	Conduct analysis of harmful impact of restrictive rules of origin Lobby other SACU members for relaxed rules of origin	Train and equip staff to conduct economic analysis	Medium term
8. Compliance with TRIPS attracts FDI	Integrate with South Africa's intellectual property rights regime	Training Legal expertise	Medium term

		Support for administrative reorganization	
9. Compliance with TBT allows to integrate into external production networks	Use South Africa's conformity assessment, certification, but review carefully its mandatory domestic technical regulations	Legal support to adopt South Africa's standards Train personnel in TBT-related issues	Medium term
10. Compliance with SPS	Use South Africa's testing, quarantine, etc.	Legal support to harmonize with South Africa and develop local expertise	Medium term
11. Reducing transaction costs through improved customs procedures	Computerize customs	Training, software and hardware needs	Short term
MULTILATERAL ISSUES			
Barrier or Opportunity	Policy Action	Technical Assistance	Time Frame
12. Cutting costs through regional regulatory cooperation	See above	See above	Long term
13. GATS Negotiations – improving business climate and competition	Liberalize at least as much as South Africa Liberalize more than South Africa in key areas (e.g., tourism)		Short term
14. WTO Government Procurement Agreement	Study costs and benefits of implementing agreement Lobby other SACU members to sign and implement agreement as a group	Training to develop analytical expertise Support for administrative reforms	Medium term
BILATERAL ISSUES			
Barrier or Opportunity	Policy Action	Technical Assistance	Time Frame
15. FTA with United States	Study options, including whether to sign alone or with other SACU members Lobby SACU members	Train and equip staff for economic analysis	Short term
16. Cotonou Agreement	Study options, lobby SACU members	Train and equip staff for economic analysis	Short term
17. Double transformation requirement in EU and the prospect of the waiver termination in US.	Launch lobbying effort to obtain a waiver on a double transformation requirement in EU and the extension after 2004 in the US	Technical advice on designing the lobbying strategy	Short term
BUSINESS ENVIRONMENT			
Barrier or Opportunity	Policy Action	Technical Assistance	Time Frame
18. Dispersed and unreliable information about	Set up a unit that would gather (and provide) relevant information.	Equipment and training	Short term

business regulations in Lesotho 19. Difficulties experienced by (potential) foreign investors in conducting due diligence about opportunities in Lesotho	Set up a web site and keep it updated Either separate the LNDC into an autonomous investment promotion agency or strengthen the existing capacity. Establish a One-Stop-Shop		
20. Complex business licensing procedures 21. Absence of an Investment Code	Shifting to a registration system with areas identified as outside of private business activity Develop an Investment Code	Computerization of <u>revised</u> procedures Technical support in designing and supporting such a code	Short term
22. Land leases for too short time	Shifting to leases granting the right of use of 99 years	Assessment of impact on land prices	Short term
23. Environmental degradation	Cost impact analysis and implementation of provisions of the 2001 Environment Act based on a principle that a polluter should pay for the damage done to natural environment	Technical assistance needed	Short term
24. Unpredictable Lesotho Electricity Corporation's billing practices	Improve Lesotho Electricity Corporation's billing procedures	No technical assistance needed	Short term
25. Telecommunications: insufficient roaming arrangements in Lesotho	Make mobile phone services fully compatible with <i>South Africa's</i>	No technical assistance needed	Short term
26. Tax laws discriminate against services	Equalize tax rates across all sectors except for public 'bads'	No technical assistance needed	Short term
27. Foreign investors have difficulties obtaining visas because of lack of Lesotho's consular services	Accept visas granted by RSA as valid for Lesotho for short-term business trips Sign a consular agreement with South Africa (or other country) to provide consular services across the world Revise visa regulations, making it easier for potential investors to obtain multiple entry visas	No technical assistance needed	Short term
28. Complex procedures to obtain land leases, site development, and land survey	Overhauling administrative procedures and establishing a land registry Create interagency coordinating process Simplify procedures Computerize and reduce the number of fees required	Training of surveyors and strengthening of cadastre	Medium term
29. Weak entrepreneurial skills. No Basotho managers	Work with industry groups to promote Basotho to higher-level positions and establish business-training programs	Support for the development and implementation of a comprehensive, multi-faceted program.	Medium term

	Cooperate with the Chamber of Commerce and banks to establish workshops to train in writing business plans Review technical courses offered in schools to include business training		
30. No linkages between SMMEs and large-scale industry No backward linkages.	Work with industry groups to improve small business training Work with banks to improve SMME access to credit	As above.	Medium term
31. No diversification of exports, especially in the agro industry sector	Improve the policy and regulatory environment for exports Establishment of export oriented agro industries utilizing locally available raw materials	Financial and technical assistance needed for production, processing and marketing	Short to medium term
32. Insufficient customs facilities	Provide full-service customs services at more border posts	Support for training of new staff	Medium term
33. Low tax compliance among foreign owned firms.	Introduce basic accounting procedures compatible with international and South Africa's standards and improve Tax Authorities Simplify tax code (equalize tax rates across various sectors, see above on discrimination against services)	Support for training for both accountants and Lesotho Revenue Authority in consultations with South African experts	Long term
34. Worker discontent and tensions with foreign investors.	Provide incentives to expatriates in foreign owned companies to have a command of English. Institutionalization of a dialogue involving foreign investors, government and non-government organization on industrial relations and conditions needed to promote Basotho to managerial positions	Providing information on experience of other developing countries	Long term
35. Small size of domestic market – single SACU marker as an opportunity	See actions under multilateral and regional headings Launch lobbying effort to obtain a waiver on a double transformation requirement in EU and the extension after 2004 in the US	See assistance needed under respective multilateral and regional headings Technical advise on designing the lobbying strategy	Long term
PHYSICAL INFRASTRUCTURE			
Barrier or Opportunity	Policy Action	Technical Assistance	Time Frame
36. Deficient rail facilities	Work with Maseru railhead stakeholders to facilitate improvements	No assistance needed	Short term
37. Insufficient supplies of water to industrial estates	Find ways to reduce consumption and link the development of factory shells to the availability of water Explore possibilities of recycling water for industrial use	Survey of water availability as a constraint to industrial and agricultural development	Medium term

38. Lack of industrial sites.	Survey possible sites taking into account environmental constraints including availability of water	Financial and technical assistance needed to assess possible environmental impacts of various locational variants of industrial development	Medium term
39. Insufficient all-weather roads, especially in rural areas	Prioritize with a special emphasis of the impact on agricultural sector Expand private contracting for road construction and maintenance in multi-year contracts	Financial and technical assistance needed. It should be linked to commitment to future maintenance as well as take into account Lesotho's potential to attract tourism.	Long term
40. Lack of access to utilities throughout rural areas and potential industrial sites.		Financial and technical assistance needed.	Long term

OTHER CROSS CUTTING ISSUES

Barrier or Opportunity	Policy Action	Technical Assistance	Time Frame
41. FDI data are internally inconsistent	Create better systems for gathering information Computerization	Technical advice on designing tax reporting systems Support equipment purchases Train staff in data collection and statistical analysis	
42. Trade liberalization reduces government revenue	Introduce broad-based tax system to reduce reliance on border taxes Assess impact of tax reform	Train and equip staff Expertise for legal and organizational reforms	