

**PRIVATE SECTOR COMPETITIVENESS AND ECONOMIC
DIVERSIFICATION PROJECT
PROGRESS REPORT
AUGUST, 2008**

1. **Component 1: Improving the Business Environment**

(a) Subcomponent A – Company Registration and Licensing Reform

Progress: (i) ***Business Registration:*** Based on the Action Plan for drafting and adopting the new Companies Act, the PMU has provided strong support to the Task Force to finalize the draft Bill. The Task Force met from August 14-17, 2008 with the objective of finalizing the Bill. Agreement was reached on the structure of the Bill but further work is required to finalize the text to eliminate inconsistencies and prepare associated schedules and forms. A second three day working session is planned for August 2008. (ii) ***Business Licensing:*** MTICM has established a Task Force that is reviewing the draft Bill and has submitted an action plan for taking the draft Bill forward. A stakeholder workshop is planned for September 2008. (iii) ***Trade and Investment Facilitation Center (TIFC)/One Stop Shop (OSS):*** The MTICM Trade and Investment Facilitation Center (TIFC), or One Stop Shop (OSS), is continuing to function to facilitate the issuance of manufacturing and trading licenses and processing import permits and export visas. Two meetings were arranged by the PMU for the Principal Secretaries of the key Ministries to discuss issues pertaining to the OSS operations. (iv) ***Project support to the OSS:*** The PMU has continued to actively engage in exploring with DFID/MTICM the possibility and scope of Project support for the TIFC. A request was received for Project support for decentralizing of licensing in a number of pilot districts based on a feasibility study which is underway.

(b) Subcomponent B – Immigration and Passport Service (IPS) Reform

Progress: (i) ***Feasibility study for a National ID Card System (NICS):*** the workshop on sensitization of the stakeholders about the NICS was successfully organized in June 2008 and was well attended with encouraging stakeholder participation. The study is underway and expected to be completed by September 2008 as scheduled. The findings on ID card functionality and type were already delivered (July 2008) and the next deliverable is an action plan for implementation of the NICS (August 2008) and development of Standard Operating Procedures along with a recommended procurement package (September 2008); a GoL delegation led by the Hon. Assistant Minister of the MHAPS visited Malaysia in July 2008 to learn from their experience in implementation of a National ID Card System; (ii) ***Revitalization of Lesotho's residency/work permit issuance process:*** A consultant has started on this assignment to evaluate the current residency/work permit issuance protocols in order to recommend the necessary remedial actions required for inclusion in the implementation of a reform and revitalization action plan; the assignment is scheduled for completion in October 2008 (iii) ***Establishment of the MHLAPS Working Group:*** The Working Group chaired by the Deputy Principal Secretary has been established a draft work plan has been prepared. Key priorities of the Working Group are reducing the passport backlog, formulating an overall organizational and implementation strategy for IPS reform, adoption and implementation of the National ID Card System based on the on-going feasibility study and revitalization of the residency permit issuance system through the OSS.

(c) Subcomponent C – Improving Access to Finance

Progress: (i) *TA to LNDC on the design of a partial credit guarantee scheme:* Based on a preliminary design and road map for implementing the scheme, the LNDC Board is in the process of reviewing a Working Paper which is to be submitted to the MFDP for review; an IFC team visited Lesotho for preliminary consultations with the Banks and LNDC to explore possible participation in the scheme.

2. Component 2: Supporting Economic Diversification

(a) Subcomponent A - Skills Development for the Garment Industry

Progress: (i) *Maputsoe:* The Lesotho Northern Region Skills Center is conducting a pilot 6 week pre-employment training program on basic sewing skills for 32 trainees. The number of trainees dropped from 32 to 20 due primarily to financial difficulties faced by the trainees. While the trainees do not pay any fees, they incur transport and meal costs which they cannot afford. All 20 trainees have been offered jobs by two firms at the end of the training. The employing firms have agreed to pay M2,000 per trainee for the training provided. The Center has submitted an application to the Technical and Vocational Training Department, Ministry of Education (TVD) for registration and the TVD inspection was carried out. TVD also hosted two workshops on curriculum development which were attended by representatives of the Center. Over the next year, the Center is proposing to conduct additional basic sewing training as well as specialized courses in training of supervisors, quality control, sewing machine repair and maintenance, operation of specialized equipment and health and safety. (ii) *Maseru:* A Center Manager has been hired and refurbishment works are underway. The Maseru Center Management Council visited the Northern Region Skills Center in June 2008 to learn from their experience.

(b) Subcomponent B - Horticulture Out-grower Scheme

Progress: Progress on this sub-component is good with almost all agreed actions either completed or being implemented although somewhat delayed. The Horticultural Component Coordinator was hired in July 2008 and is already having a significant impact in terms of strengthening communications and coordination amongst the various stakeholders and closer contact with the farmers through fortnightly field visits. The irrigation systems have been installed in all three pilot farms (fully operational in Qoqolosing, reservoir to be fitted in Mahobong and defective pump to be replaced in Thuathe Berea). Installation of the hail netting has started in Thuathe but the contractor has run into equipment problems. Purchasing of fencing materials is expected shortly for installation by local villagers. Four training courses for a total of 91 man-days were conducted for both the farmers and the extension officers from the MAFS in pruning, basic principles of irrigation and recognizing pests and diseases, effective use of the Blue Book and basic plant nutrition, application of fertilizers and basic business principles. A standard field visit reporting form has been adopted as well.

(c) Subcomponent C - Tourism Industry Support

Progress: (i) *Launching of World Hotel Link (WHL):* the WHL online booking system for the tourism industry is operational. (ii) *Support to LCT:* The LCT is in the process of finalizing

and adopting its new Constitution as well as a Code of Ethics which is expected by December 2008; the recruitment of a full-time CEO for the LCT is underway. (iii) *Support to LTDC*: The MOU between the MTEC and LTDC on securing a tourism concession for the Sehlabathebe Park site has been signed. Agreement has been reached on establishing the Concession Task Force to be chaired by the CEO of the LTDC and incorporating members from MFDP, LNDC, LCT and the MTEC. The Technical Advisor has been selected and is expected to be appointed by October 2008. Procurement processes have been launched for consulting assignments to design a grading system for tourism establishments as well as a marketing and branding strategy for Lesotho.

(d) Subcomponent D – Lesotho Enterprise Assistance Program

Progress: (i) *Lesotho Enterprise Assistance Program (LEAP)*: The LEAP Unit Manager left and a new manager has been recruited. Nevertheless, the LEAP Technical Advisor has in the interim reviewed 19 grant applications and is facilitating management of the scheme until the new manager starts in September 2008. All procedures and documentation are now in place for the LEAP.

3. Component 3: Project Implementation Support

Progress: The PMU office is adequately staffed and operational and the Project focal points at the various Ministries are in place and generally functioning well. The position of monitoring and evaluation specialist has been filled. There have been 5 Project Review Committee (PRC) meetings since Project effectiveness. However the Public Private Steering Committee (PPSC) has not met as yet. The PMU and focal points have developed detailed work plans for the various activities under the Project.