

**MINISTRY OF TRADE AND INDUSTRY, COOPERATIVES AND MARKETING**

**PRIVATE SECTOR COMPETITIVENESS AND ECONOMIC  
DIVERSIFICATION PROJECT**

**PROGRESS REPORT No. 07**

**1<sup>ST</sup> APRIL 2009 TO 30<sup>TH</sup> JUNE 2009**

## PSC Project – Quarterly Physical Progress Report

Key Deliverable (s)	Status	Next Steps and Date
<b>Component One: Improving the Business Environment</b>		
<i>Sub Component A: Company Registration and Business Licensing Reform</i>		
<p>A. 1 Business Reporting and Industrial Licensing Act in place</p>	<ul style="list-style-type: none"> <li>- A workshop was organized by the PMU in February 2009 to discuss the draft Business Reporting and Industrial Licensing Bill</li> <li>- The international consultant who drafted the Bill clarified and explained the rationale and benefits of the proposed amendments to all key stakeholders present at the workshop</li> <li>- Broad stakeholder consensus was achieved on the draft Bill. However, the MITCM expressed some reservations on certain provisions in the draft Bill.</li> <li>- The MTICM consulted internally on issues that needed to be addressed before the draft Bill is submitted to the Parliamentary in May, 2009.</li> <li>-Comments of the MTICM on the Bill submitted to the consultant in May, 2009 for incorporation.</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of the revised draft Bill by the Inter-Ministerial Legal Working Group and drafting instructions to the Law Office by July, 2009</li> <li>• Submission of the draft Bill to the Attorney General in August, 2009</li> </ul>
<p>A.2 OSS Strategic Plan developed and Implemented</p>	<ul style="list-style-type: none"> <li>- A strategy workshop for the OSS was held in February and the Strategic Plan was completed in March, 2009.</li> <li>- The Strategic Plan was adopted by the PRC in April, 2009.</li> <li>- The Plan is being reviewed by the OSS Steering Committee and MTICM.</li> <li>- The draft Plan has identified a number of challenges that need to be addressed systematically through a phased implementation plan. These include: (i)clear governance and management arrangements, (ii)adequate human resources,</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of OSS Strategic Plan by OSS Steering Committee and MTICM by July, 2009</li> <li>• Submit the plan to Cabinet for adoption in July, 2009</li> <li>• Adoption of a time-bound action plan by GoL to implement the OSS Strategic Plan.</li> </ul>

	<p>(iii)clear organizational structure, (iv)adequate resources and funding, and (v)gradual expansion of services provided</p> <p>- The OSS strategic plan provides a good basis for PSC Project support for operationalization of the new company law the new business licensing regime, as well as for the issuance of residence and work permits.</p>	
<p>A.3 Company registration Act in Place</p>	<p>- The Companies Bill has been reviewed.</p> <p>- The Attorney General's comments on the Bill are being incorporated by the drafting team.</p> <p>- The PSC project is supporting the following activities in preparation for implementation of the new Companies law once enacted:  (i)Transfer of companies registration functions from the Registrar General's office to the OSS, and (ii)Identification of resources required for establishing the electronic data base for the Commercial Registry, training and other needs to establish the registry at the OSS</p> <p>- Resources required for establishing the electronic data base for the commercial registry have been identified.</p> <p>- Four temporary staff for data capturing have been recruited and trained in June, 2009</p> <p>- Four computers for electronic data base for the Commercial Registry procured</p> <p>- A study on the reform and development of companies registry to ensure smooth transition from the old to the new regime has been completed.</p>	<ul style="list-style-type: none"> <li>• Convene a meeting to incorporate Attorney General's comments in the Companies Bill by July, 2009</li> <li>• Issuance of clearance certificate by Attorney General for submission of the draft Bill to Cabinet in July, 2009;</li> <li>• Hold sensitization workshop for the MTICM staff prior to submission of the Bill to Parliament in July, 2009</li> <li>• Submit the Bill to Cabinet for approval in July, 2009</li> <li>• Hold sensitization workshop for parliamentary sub-committee on Economic cluster in August, 2009</li> <li>• Hold sensitization workshop for parliamentarians in August, 2009</li> <li>• Adoption of the Act by Parliament in September, 2009.</li> <li>• Draw up an action plan for implementation of the Companies Act in July, 2009</li> </ul>

<i>Sub Component B: Immigration and Passport Service Reform</i>		
B.1 Feasibility study and design of a National ID card System in place	<ul style="list-style-type: none"> <li>- The feasibility study was completed and approved by the GoL.</li> </ul>	MCC to support implementation of the NICS.
B.2 Feasibility study on Revitalization and Reorganization of Lesotho's Residency and Work permit issuance protocols in place and implemented	<ul style="list-style-type: none"> <li>- The feasibility study on revamping the residency and work permits issuance protocol was completed in September 2008 and the recommendations and action plan have been accepted by the GoL in April, 2009.</li> <li>- Work on harmonization of relevant trade and labour-related legislation with the focus on issuance of both work permits and residency permits was completed in May, 2009. The report was circulated to the Legal Working Group composed of legal officers from various Government ministries (MITCM, MTEC, MFDP, MHAPS, Law Office and Education) for review.</li> <li>- The MHAPS has delegated authority for issuance of residency permits to the OSS Immigration Desk Officer.</li> <li>- Two Immigration Officers have been deployed at the OSS for issuance of residence permits</li> <li>-Two computers have been procured for issuance of residency and work permits.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of the Immigration Advisory Committee on residency and work permits study July, 2009</li> <li>• Appoint a consultant to facilitate implementation of the residency and work permits study (revised business processes, job descriptions, procedures manuals, training and quality assurance).</li> <li>• Finalize work on harmonization of relevant trade and labor-related laws.</li> </ul>
B.3 Passport backlog eliminated	<ul style="list-style-type: none"> <li>- A strategy for reduction of passport backlog has been developed.</li> <li>- Agreement between GOL (MHAPS) and <i>Oberthur</i> on passport production signed in May, 2009.</li> <li>- MHAPS confirmed availability of 80, 000 blank passport booklets.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft immigration policy.</li> <li>• Introduce measurable and verifiable indicators capable of ensuring that supervisory and journeyman staff members comprehend and are fully trained on the usage and functionality of the technologies they employ.</li> </ul>

	<ul style="list-style-type: none"> <li>- 27 dedicated MHAPS team assigned to the passport backlog elimination project.</li> <li>- <i>Oberthur</i> confirmed availability of the production equipment and capacity including operational and maintenance support in April 2009.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage a Strategic Advisor for MoHA</li> <li>• In consultation with the Strategic Advisor, analyze the Passport Services organizational structure along with its databases to facilitate internal exchange of information, information matching, and implementation of risk management techniques.</li> </ul>
<i>Sub-Component C: Improving Access to Finance</i>		
C. 1 Roadmap for establishment of Partial Credit Guarantee Scheme (PCGS) developed	<ul style="list-style-type: none"> <li>- A Road Map (preliminary design) for implementation of a Partial Credit Guarantee Scheme has been developed.</li> <li>- Lesotho National Development Cooperation (LNDC) has prepared a Working Paper for establishment and implementation of the Scheme based on the preliminary design. The Working Paper has been submitted Ministry of Finance and Development Planning for funding.</li> </ul>	
C.2 Partial Credit Guarantee Scheme established and operational	<ul style="list-style-type: none"> <li>- Partial Credit and Guarantee Scheme is not yet operational due to lack of capital</li> <li>- Attempts to solicit funding from potential donors underway.</li> <li>- The Ministry of Finance to explore possible IFC support for the Partial Credit Scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Finance and development Planning to write to IFC seeking support for the PCG scheme by July, 2009</li> <li>• Decisions required to be made by GoL on the type and level of GoL financing of the guarantee facility, resources for providing technical assistance to the participating Banks and the arrangements to manage the facility.</li> </ul>
C. 3 Leasing Industry for Lesotho developed	- Procurement process to engage a consultant to develop a Leasing Act and associated tax regime for leasing industry in	-This item will be reviewed at MTR.

	Lesotho was launched several times without success.	
<b><i>Component Two: Supporting Economic Diversification</i></b>		
<i>Sub-Component 1: Skills development for the Garment Industry</i>		
D.1 Core staff at Maputsoe and Maseru Skills development centres in place	<ul style="list-style-type: none"> <li>- Two skills development centers established in Maputsoe and Maseru.</li> <li>- Center Managers, Administrators and instructors have been recruited for the two centers.</li> </ul>	
D.2 Northern Region Skills Center (NRSC) refurbished	- Building acquired and refurbished.	
D.3 Maseru Region Skills Center (MRSC) refurbished	- Building acquired and refurbishment is underway.	

D.4 Northern Region Skills center and Maseru Region Skills Center operational	<ul style="list-style-type: none"> <li>- Management councils of the two centres (which consists of 5 members from industry and 4 from GoL) have been established.</li> <li>- The two centers have registered with the Technical and Vocational Training Department of the Ministry of Education (TVD) and ComMark</li> <li>- Quarterly training plans with outputs and budgets have been prepared for both centers</li> <li>- The training curriculum for the two centers has been developed and submitted to TVD as a requirement for accreditation.</li> <li>- A Business Plan for the two centers developed.</li> <li>- Comprehensive training needs assessment has been undertaken for both centers</li> <li>- 196 people trained by both centers by end of June, 2009</li> </ul>	<ul style="list-style-type: none"> <li>• Implement training plans.</li> <li>• Develop a sustainability plan for the centers by July, 2009</li> <li>• Produce communications materials and establish a website by August, 2009</li> <li>• Prepare a standard reporting format for both centres by July, 2009</li> <li>• Undertake impact assessment of training offered by the centers</li> </ul>	
	Maseru Center	Maputsoe Center	
	<ul style="list-style-type: none"> <li>- Supervisors 13</li> <li>- B. Sewing 56</li> <li>- Entrepreneurs 19</li> <li><b>Total 88</b></li> </ul>	<ul style="list-style-type: none"> <li>- Supervisors 20</li> <li>- Managers 7</li> <li>- B. Sewing 73</li> <li>- Entrepreneurs 8</li> <li><b>Total 108</b></li> </ul>	

<i>Sub-Component 2 : Horticulture Out-grower Scheme</i>		
E.1 Sites prepared for initial planting of crop trees	- Three farmers selected for fruit tree crop pilot project. And are regarded as targeted farmers.	<ul style="list-style-type: none"> <li>• Procure replacement trees for the three pilot sites.</li> </ul>

	- The selected farmers are from Mahobong, Qoqolosing and Thuathe.	
E.2 Inputs and equipment acquired for planting of fruit trees in the pilot areas	<ul style="list-style-type: none"> <li>- Up to 10,000 seedlings of 6 types of fruit trees ( peaches, apples, cherries, apricots, plums and blue berries) procured and planted over an area of approximately 10ha at targeted pilot areas.</li> <li>- Fencing material and hail netting equipment procured and installed at three pilot areas</li> <li>- Lime, fertilizer and pesticides procured, delivered and applied in three pilot sites.</li> <li>- Rain gauges and thermometers installed in the targeted pilot areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Fortnightly follow-up field visits to the pilot sites.</li> <li>• Adjust specifications of hail nets at Mahobong and Qoqolosing</li> <li>• More lime, pesticides and fertilizers to be procured when need arises</li> <li>• Prepare specifications for Mini Weather stations for the three pilot sites by July 2009.</li> </ul>
E.3 Technical support provided to pilot farmers	<ul style="list-style-type: none"> <li>- An agreement signed with a technical partner - Denmar Estates to provide technical assistance to Targeted farmers in the pilot areas</li> <li>- The Government of Lesotho through the Ministry of Trade and Industry, Cooperatives and Marketing has signed an agreement with Denmar Estates to formalize the market linkages for the three targeted farmers.</li> <li>- Five training sessions and two study tours been offered to all participating farmers and extension officers from MAFS.</li> <li>- Three training sessions conducted in-house. These include: basic principles of irrigation, control pests and diseases, effective use of the Blue Book,</li> </ul>	<ul style="list-style-type: none"> <li>• Training on pruning scheduled for July, 2009.</li> <li>• Assess the impact of training provided to farmers by August 2009.</li> <li>• Complete trellising at Mahobong</li> </ul>

	<p>basic plant nutrition, application of fertilizers and basic business principles.</p> <ul style="list-style-type: none"> <li>- Two practical training sessions were conducted and these covered; training on pruning, weeding, weed control, fertilizer application and tree training.</li> <li>- Two study tours organized for both targeted and non-targeted farmers to Denmar Estates for familiarization with intensive fruit production.</li> <li>- Trellising completed in two pilot sites, namely; Thuathe and Qoqolosing while Mohobong is partially complete.</li> <li>- Soil sampling was carried out at three pilot sites and based on the test findings, the required inputs were delivered to the farmers (fertilizers and lime)</li> <li>- 3.5 tons of maize for Livelihood support was delivered to targeted farmers (for the financial year, 2008/2009).</li> <li>- The data book (Blue Book) has been finalized, translated into Sesotho. The book is being kept by the farmers for regular recording of the required information.</li> </ul>	
E.4 Appropriate Varieties for the rollout identified	- In progress	<ul style="list-style-type: none"> <li>• Engage a consultant to produce the GIS tree variety map by July, 2009.</li> </ul>
E.5 Database for management and production of fruit trees established	- continuous process; three pilot farmers are currently collecting data through the blue book	<ul style="list-style-type: none"> <li>• Assessment of the quality and relevance of data collected through the Blue book to be made</li> </ul>

	- Negotiations with the National University of Lesotho are underway to engage the department of crop sciences to assist with data collection and management.	<ul style="list-style-type: none"> <li>• The format for data compilation and reporting to be submitted by Horticulture Advisor.</li> <li>• Conclude negotiations with NUL and sign MoU.</li> </ul>
E.6 Pilot Areas under irrigation	Irrigation systems installed at three pilot sites.	
E.7 Strategy for program roll-out devised	Consultations for development of strategy underway	<ul style="list-style-type: none"> <li>• Engage a consultant to develop a strategy by January, 2009</li> </ul>
<i>Sub-Component 3 : Tourism Industry Support</i>		
F.1 Online booking system established and operational	<p>- An online booking system for tourism accommodation facilities and activities in Lesotho has been established to strengthen the marketing outreach of local hotels, guest houses, BB and other tourism businesses.</p> <p>- 25 establishments and 2 tour operators have so far been registered with the portal operator.</p> <p>- Access workshops have been held for tourism operator from various parts of the country.</p>	
F.2 Tourism service providers trained	- 180 tourism operators and service providers have been trained.	<ul style="list-style-type: none"> <li>• Continue to train tourism operators to meet international standards</li> </ul>
F.3 LTDC Strategic Plan developed	- LTDC strategic plan is being finalized. The final report to be released by July, 2009.	<ul style="list-style-type: none"> <li>• Finalise and adopt LTDC strategic Plan by July, 2009</li> </ul>
F.4 Accommodation grading system in place	- The draft report on accommodation grading system has been produced and preparations for training of assessors are underway.	<ul style="list-style-type: none"> <li>• Launch the report and train assessors.</li> </ul>

F.5 Lesotho Brand and marketing strategy developed	<ul style="list-style-type: none"> <li>- Procurement process re-launched. Selection of appropriate consultant to be completed by July 2009.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage a consultant to develop Lesotho Brand and Marketing strategy</li> </ul>
F.6 Concessions Manual Implemented	The concessions report for Sehlabathebe site is being finalized. Request for expressions of interest to be launched in July, 2009.	<ul style="list-style-type: none"> <li>• Launch request for expressing of interest for SNP concessions by August, 2009.</li> </ul>
F.7 Lesotho Council for Tourism (LCT) established	<ul style="list-style-type: none"> <li>- Executive Director for Lesotho Council for Tourism (LCT) has been appointed and commenced work in December, 2009</li> <li>- The official launch and the first Annual General Meeting (AGM) for LCT took place in January, 2009 the</li> <li>- The Board of Directors was elected and LCT Constitution has been amended and adopted.</li> <li>- LCT has mobilized 32 members and M21, 700 had been collected from subscriptions</li> <li>- LCT constitution registered with the Law Office in May, 2009</li> <li>- Participated in INDABA 2009 to showcase Lesotho's tourism potential.</li> </ul>	<ul style="list-style-type: none"> <li>• Membership drive to continue</li> <li>• Work in close collaboration with members and partners to prepare for FIFA 2010 World Cup</li> </ul>
<i>Sub-Component 3 : Lesotho Enterprise Assistance Program (LEAP)</i>		
LEAP established and operational	<ul style="list-style-type: none"> <li>- Promotional tours undertaken throughout the whole country</li> <li>- Database of service providers established</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to market and promote LEAP to private Sector</li> <li>• Encourage companies in the pipeline and see how their</li> </ul>

	<ul style="list-style-type: none"> <li>- Systems and procedures for operation and management of the scheme in place.</li> <li>- Two additional staff recruited for LEAP</li> <li>- Applications from 25 companies employing a total of 928 people have so far been approved by LEAP</li> <li>- Applications from 49 companies, amounting to M3, 069, 187.50 (US\$ 379, 291.20) are being processed.</li> <li>- 11 Companies signed letters of Agreement by end of June, 2009 and around M427, 707.10 has been committed for activities to be undertaken by these companies.</li> <li>- 180 applications have been received and 85 diagnostic visits have been undertaken since April, 2009</li> </ul>	<p>applications could be translated into realistic action plans and grant approvals.</p>
<p>LEAP Approvals Committee established</p>	<ul style="list-style-type: none"> <li>- 4 people appointed to serve in LEAP Approvals Committee for a period one year</li> <li>- Briefing session conducted for LEAP Approvals committee</li> </ul>	<ul style="list-style-type: none"> <li>• Engage LEAP approvals Committee for applications worth of US \$ 25, 000</li> </ul>