



**THE GOVERNMENT OF THE KINGDOM OF LESOTHO
MINISTRY OF TRADE, INDUSTRY, COOPERATIVES AND MARKETING**

PRIVATE SECTOR COMPETITIVENESS PROJECT

**Public Relations and Awareness:
Horticulture Outgrowth Component**

INCEPTION REPORT

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ACRONYMS

BOS	Bureau of Statistics
BF&VC	Basotho Fruit and Vegetable Canners
DAO	District Agricultural Officer
DCO	District Crops Officer
DEO	District Extension Officer
DFS	Department of Field Services
DFPT	Deciduous Fruit Producers' Trust
CCPO	Chief Crop Production Officer
GOL	Government of Lesotho
MDG	Millennium Development Goals
MAFS	Ministry of Agriculture and Food Security
MTICM	Ministry of Trade, Industry, Cooperatives and Marketing
NGO	Non Governmental Organisation
PHRD	
PRS	Poverty Reduction Strategy
PSC	Public Sector Competitiveness
PSD	Public Sector Development
PSIRP	Public Sector Improvement Reform Programme
RSA	Republic of South Africa
TC	Technical Committee
TOR	Term of Reference
TTL	Task Team Leader
WG	Working Group

1. INTRODUCTION

1.1 Contractual

A lump sum contract for Public Relations and Awareness Specialist was signed between the Private Sector Competitiveness Project, here after referred Client and Mavuso Tshabalala hereafter referred to as the Consultant, was signed on the 15th June 2006. The contractual start date was agreed to be 19th June 2006. The contract runs for 42 working days with three days per week. The end date is accordingly 6th October 2006.

This Inception Report is the first deliverable. It has been prepared in order to agree with the Client [on the details of tasks to be carried out, approach and methodology to carry out the assignment](#). This inception report will accordingly be the benchmark for supervision and monitoring of the assignment.

1.2 Format of the Report

The Inception Report is divided into 9 sections. This introduction provides contractual information. Section 2 is presents the Terms of Reference as developed by the Client. It starts with the objective of the assignment, lists the tasks to be performed and concludes with comments by the Consultant. Section 3 discusses the general approaches and methodology for carrying out the assignment. These include literature review, consultation with stakeholders. Specific approaches and methodology will be given separately for the main task of public awareness, baseline studies and awareness materials. For preparation of this inception report, the consultant conducted a reconnaissance.

Section 4 provides information on the planning context in Lesotho. It gives an overview of the country, poverty analysis, water sanitation situation and concludes with the policy and legal framework in Lesotho. This is considered important as it places assignment within a national framework. Section 5 provides the background information to the Private Sector Competitiveness Project. It discusses the components and project implementation. This is given in order to put into context this assignment.

Section 6 provides the findings from activities undertaken during this inception period. The section concludes by proposing recommendations. Section 7 discusses sequence events for designing and implementing the pilot programme. Section 8 presents preliminary approach and design of the baseline data collection. Section 9 presents preliminary approach and design of public awareness.

2. THE TERMS OF REFERENCE

2.1 Objective of the Consultancy

The objectives of the assignment are to develop a public relations (PR) and awareness package to be used to engage the involvement of villagers in the target areas. It is anticipated that the consultant will work closely with the village representatives, the Working Group (WG), and government officials responsible for the target area to develop consensus regarding the implementation of demonstration projects.

2.2 Scope of Work

The Scope of Work defined by the Client requires the Consultant to undertake the following activities to support the development of private sector demonstration program:

- a) Work closely with the WG, particularly with the private sector partners, to define the sequence of events required to develop the demonstration area;

- b) Through relevant ministries and field staff, develop a profile of the target group (demographic and livelihoods), their needs, interests and concerns;
- c) Define the level of work required, strategy for engaging local workers, timeline, and possible constraints;
- d) Based on the sequence of events outline above, and the profile of the target group, develop a detailed public relations and awareness campaign to be tested with a focus group in the target area;
- e) Work with the relevant field staff to identify village representatives to initiate dialogue regarding the proposed demonstration activities. Provide the village representative a broad overview of the proposed project;
- f) Develop consensus among village members and support for the demonstration project;
- g) Work closely with the village representative to identify a cluster of farmers to run test trial of the awareness and public relations campaign;
- h) Work closely with the WG and village representatives to develop an awareness raising and PR campaign strategy for the entire target area, defining timeline for implementation according to community clusters within the target area;
- i) Solicit feedback and integrate findings from the test trial into the awareness and (Public Relations) PR campaign material;
- j) Finalize the awareness and public relations campaign material, relying heavily on visual presentations;
- k) Implement the PR campaign and compile feedback from the target group to continually update the campaign package;
- l) Throughout the entire exercise, the consultant is expected to report regularly to the WG, particularly to bring attention to the WG any problems or challenges s/he maybe facing in developing consensus and agreement from villagers.

2.3 Comments on the Terms of Reference

The Scope of Work requires the Consultant to work closely with various stakeholders. The Consultant defines these stakeholders and relationships as follows:

- Working WG will require to have regular meetings where the Consultant will give regular up dates and receive feed back.
- By protocol, the District Agricultural Officer will be the entry point into the district.
- Village representatives are committee members representing field owners, chieftainship and councillors. These are the main target group.

The Consultant fully agrees and supports this arrangement, as it will ensure ownership by all stakeholders. On this note, agricultural extension is a long-term activity of the Ministry of Agriculture and Food Security. As such it cannot be left entirely to a Consultant who is temporary.

In order to design and implement a public relation awareness programme, the Consultant needs to have a package to talk to households about. The Consultant accordingly proposes the following questions. Answers should be able to define the package for discussions with the participating households.

- What is the viable production system?
- Are operations individual or group/block/contract farming?
- What are the land issues?
- What agreements are required?
- What are the roles land owners?

3. APPROACH/METHODOLOGY

3.1 Literature Review will be continuous and specific to the individual tasks

3.2 Consultations will be focused and specific to the individual tasks.

3.3 Reconnaissance

The Consultant visited and held discussion with senior management district staff in Berea and Leribe. He was also taken to the sites where the pilot will be implemented. These sites are Linkong in Berea District, Mahobong and Qoqolosing in Leribe District.

The Consultant visited and held discussion with senior management of the South African partners, namely Alpha Estates and Denmark to find their understanding.

4. PLANNING CONTEXT

4.1 The Country

Lesotho is a constitutional monarchy completely surrounded by the Republic of South Africa. Its land area is 30,355 square kilometres and is divided into four ecological zones, namely, the lowlands (17%) foothills (15%), mountains (59%) and Senqu Valley (9%). Only 13% of the land area is arable and around 56% is used for extensive animal production. The 1996 Population Census returned a population distribution of 49% lowlands, 23% foothills, 17% mountains and 11% Senqu Valley. Of the total population 89 percent live in rural areas and 11 percent live in urban area.

Administratively, Lesotho is divided into 10 districts, namely Butha Buthe, Leribe, Berea, Maseru, Mafeteng, Mohale's Hoek, Quthing, Qacha's Nek, Mokhotlong and Thaba Tseka. Each district has an administrative centre, namely, Butha Buthe, Hlotse, Teyateyaneng, Maseru, Mafeteng, Mohale's Hoek, Quthing, Qacha's Nek, Mokhotlong and Thaba Tseka, respectively.

The administration of the Government of Lesotho (GOL) has largely been centralised with headquarters based in the capital, Maseru, and operating in the districts through various ministries. However, with the enactment of the Local Government Act of 1997, there are current efforts to decentralise to the district and local level through creation of Community, Municipal (only one in Maseru city) and District Councils.

4.2 Economy

The economy of Lesotho has been shaped by various factors that include availability of natural resources, rural-urban differentials, relationship with its only neighbour the RSA and relationship with the international community. Lesotho's population has historically been employment in RSA mines. This reduced unemployment and increased household income through remittances. However, the number of Basotho employed in the RSA mines has drastically reduced. This has led to increase unemployment in Lesotho and decreased household income. The other economic link with RSA is the Southern African Custom Union.

In 1986 Lesotho took a bold step to develop its water resources by implementing Lesotho Highlands Water Project (LHWP) in cooperation with its only neighbour RSA. The project increased employment, Southern African Custom Union payments and the national income.

On the international front, Lesotho benefited from the Africa Growth Opportunity Act with commissioning various textile industries. This alleviated the unemployment problems and increased the export earning.

During the period 1988 to 1998, Lesotho's Gross Domestic Production (GDP) grew by an annual average of 8.2 percent. The real per capita GDP was estimated at USD\$570. This is just above the World Bank definition of USD\$470 per capita as a poverty line. From 1998 there was a decline in GDP annual growth rate to 4 percent and 3 percent in 2004. Sector contribution to the economy is 43 percent industry, 40 percent services and 17 percent agriculture.

4.3 Poverty Analysis

Poverty is commonly defined from both a quantitative and a qualitative perspective. Quantitative money-metric approaches make reference to socio-economic groups, while a poverty line determines the minimum income or expenditure levels required to maintain a specific welfare level. Qualitative approaches make reference to livelihood assets and access to services. Poverty is also associated with broader issues such as peace, good governance, security and justice. In this section, a brief overview is made to provide a holistic description of the nature and extent of poverty in Lesotho.

Various national household surveys show that there are striking variations of poverty in relation to gender, household size, livelihood patterns, access to basic services, and geographic location. Studies have consistently shown that the rural and mountain areas of Lesotho are significantly poorer on all but two out of 30 indicators. This is confirmed by the 2002 Core Welfare Indicator study which used an assets approach. It shows that extreme poverty is concentrated in the rural areas not only as a proportion of the population but also in absolute numbers.

In 1986/7, an estimated 27% of households were officially headed by women who were, either single, divorced, widowed or abandoned by their husbands, rising to 30% by 1994/5. In both 1986/87 and 1994/95 such *de jure* female-headed households had the highest incidence of poverty (65% and 62% respectively), well above the national averages of 59% and 58% in the same years. The underlying survey data reveals that *de jure* female-headed households are particularly vulnerable because they are typically ageing widows, who may have lost the assets they once possessed, are less likely to own agricultural assets, such as livestock (35%, compared to 55% of male-headed households) and have difficulties securing cash incomes.

During community consultations, in preparation for the Poverty Reduction Strategy Paper (PRSP), 60% of the communities involved mentioned "lack of food" as the main cause of poverty. Communities described how they progressively become more and more food deficient since the 1970s.

4.4 The Agriculture Sector

The population of Lesotho was recorded to be 2 million in 1996 with 89 percent living in rural areas and 11 percent dependent on agriculture directly or indirectly. The 1997 Labour Force Survey showed that 66% males and 44% females 15 years of age and above are employed in agriculture. This makes agriculture a key sector in the national economy including poverty alleviation, food security and employment.

Statistics on crop production in Lesotho are subject to contradictory interpretations. One view is that there is a general decline while the other view is that the trends show stable production levels. The latter view argues that food insecurity is due to production levels that do not match the population growth rate. Despite the differences in interpretation, the national statistics show that the country produces around 30% of the total annual food requirements. This means that 60% of the annual requirement has to be imported. Fewer than 5% of households produce enough cereals to feed their families throughout the year, with the remainder having to purchase part or all of their cereal needs.

The livestock ruminant population has, for the last 20 years, been steady at around 0.6 million cattle, 1.2 million sheep and 0.8 million goats. However, ownership at household level has also been declining. For example, between 1993 and 1999 cattle ownership fell from 48% to 39% while sheep and goats ownership fell from 32% to 26%. Trends in the rate of cattle reproduction are demonstrated to be fluctuating at 24 calves per 100 females in 1990/00, 19 in 2000/01 and 46 in 2002/03. Sheep reproduction was 35 lambs per 100 females in 2000/01; the same figures for goats was 31 kids per 100 goats in 2000/01

About 50 to 60% of the total agricultural production is from crops and 30 to 40% is from livestock and the rest from services. The livestock sub-sector, mainly wool and mohair contributes 5% of the national export earning. The share agriculture to GDP has been fairly steady at around 23 to 25% up to 1990. It has fallen to 16 and 18% after 1990.

Often excluded in the analysis of agricultural data is the sub-sector of fruits and vegetables. In Lesotho, there are mainly produced in the homestead yet their unavailability has a major negative impact on the household budget, nutrition and imports. The marketing data on imports show a tremendous decrease in the total quantities imported. Imports of vegetable show a continuous decrease from 13698 metric tonnes in 1993 to 834 metric tonnes in 2003; the same figures for fruits are 5592 and 118, respectively.

There is a general agreement that agricultural production, in Lesotho, is highly variable and it is constrained by various factors, limited availability of arable land, declining soil fertility, erratic and unreliable rainfall, poor agricultural production technologies and practices, overstocking, uncontrolled grazing and the associated decline in range conditions, unstable labour supply due to migration and HIV/AIDS, poorly developed rural marketing structure, crops and livestock theft, and institutional inefficiency due to policy inconsistencies, capacity and training.

At the household level, agricultural production has generally been subsidised by both government and the households by diverting income from other sources. The current level of unemployment has eroded the purchase power of households hence inability to invest in agricultural production or purchase their food requirements. The vulnerability of households is compounded by increases in prices of food commodities.

Despite the challenges facing the country, Basotho are convinced that Lesotho agriculture has a potential for improvement. There are extensive rangelands that could be much more productive if grazing is properly control, arable land could be much more productive with improved input supply, better access to capital, better technology utilisation and properly managed water resources.

4.5 Policy and Legal Framework

Since independence in 1966, Lesotho has gone through various legal, policy, programmatic and project approaches as general development building blocks. The general goal has been and continues to be fostering economic growth, sustainable use of land resources and poverty alleviation. The latest of these policy initiatives are Millennium Development Goals (MDG), Vision 2002, Poverty Reduction Strategy (PRS) and Public Sector Improvement Reform Programme (PSIRP).

Lesotho is a signatory to the Millennium Declaration (2000). The Declaration sets out within a single framework the challenges facing humanity, outlines the response to these challenges, (Millennium Development Goals) and establishes concrete measures to assessing performance. The Declaration defines the roles and responsibilities of all actors including national Governments,

International Organisations, citizens, civil society organisations, nongovernmental organisations and the private sector.

Vision 2020 articulates the level of development that Basotho aspire to attain by 2020. The pillars of Vision 2020 are Lesotho as a stable democracy, a united and prosperous nation at peace with itself and its neighbour; with a healthy and well-developed human resource base; its economy strong; its environment well managed and its technology well established.

This PRS is a three-year medium term development framework (2004/05 – 2006/07) for Lesotho. The PRS outlines national priorities and strategies to reduce poverty and promote equity-based economic growth. It presents a determined plan to achieve a significant reduction in the number of people living in extreme poverty. It aims to achieve this by linking policy, planning and budgeting processes and making sure that there is synergy between key initiatives such as the MDGs and Vision 2020.

PSIRP is considered a driving force for implementing the development agenda. It focuses on improvement of financial management and accountability, improvement of service delivery through decentralisation and improvement of public service management.

At the sectoral level, the MAFS, in common with the national planning system has also undergone various policies, programmatic and project approaches as general development building blocks. The general goal has been fostering sustainable use of land resources, self-sufficiency in staple foods, and increase in employment. With the changes in the national planning parameters the MAFS has developed its own policies around the national strategic principles as outline above.

Currently, the key policy guidelines for the MAFS are employment creation, poverty reduction, food security for all and sound resource management. To this end the MAFS has developed three policy documents, namely, Agricultural Sector Strategy: Statement of Policy (2003), Subsidies in the Agricultural Sector: Policy Statement and Implementation Framework (2003), Lesotho Food Security Policy and Strategic Guidelines (2005) and National Action Plan for Food Security (undated)

The Agricultural Sector Strategy: Statement of Policy has identified six sectoral goals, namely, food security (as a short term), poverty alleviation, sustainable environmental management and conservation, efficiency, improved income distribution, and increasing the share of agriculture in GDP.

To achieve these goals the MAFS has set the following objectives:

- **Diversified agricultural production**
- More efficient subsistence agricultural practices
- Improved access to inputs
- Reduced output instability
- Sustainable land use
- Managed grazing on rangeland
- Agricultural commercialisation

The Government continues to maintain its commitment to the use of systematic subsidies as a policy tool to help achieve poverty reduction and food security objectives. They are also used as a transitional measure that builds a **sound foundation for sustainable agriculture that will eventually be predominantly commercial (driven by the business sector)**. The Government will ensure that subsidies promote efficiency and sustainability in agriculture as well as give cost effective support to the Government programmes of poverty alleviation. Specific objectives of subsidies, in Lesotho, are to provide:

- **Incentives to diversify or to switch to activities that are agro-ecologically appropriate;**
- **Incentives to adopt efficient technologies**
- Incentives to develop appropriate traditional technologies
- Poverty Alleviation

The goal of the Food Security Policy and Strategic Guidelines is to ensure that by 2015, the numbers of the people undernourished shall be reduced to half from the 1990 figures. Specific objectives are:

- To improve the adequacy and stability of access to food supplies at the national level;
- To improve the adequacy and stability of access to food supplies at the household level; and
- To improve the utilisation of food at the household level.

The objectives of the National Action Plan for Food Security are to improve farm productivity, income and household food security through **intensification, diversification and commercialisation of farming systems and promoting marketable sales of agricultural produce**; to improve the nutritional and health status of the most vulnerable; to improve the system of support services through public-private-civil society partnership and to safe guard the long term sustainability of the country's renewable resource base.

The GOL recognises that implementation of all policy initiatives will be a national effort, involving all sectors of Government in close collaboration with civil society organisations, NGOs, churches, the private sector and development partners.

5. PRIVATE SECTOR COMPETITIVENESS PROJECT

5.1 Introduction

The Government of Lesotho (GOL) is committed to fight poverty, accelerate economic growth and improve the welfare of the Basotho Nation. One of the four pillars identified for achieving these objectives is private sector development (PSD) which will manifest in equitable economic growth rapid employment creation.

To this end, the GOL has requested the World Bank to prepare a Private Sector Competitiveness (PSC) Project. The development objective of the project is to help create the necessary conditions to improve private sector productivity and competitiveness, and growth and address the constraints in this growth.

5.2 Components of the Project

The PSC comprises the following three key components and associated sub-components:

1. Improving Business Environment through Reducing Costs of Doing Business and Strengthening Legal Framework. This is further divided into 3 sub-components, namely:
 - a) Company Registration Reform;
 - b) Licensing Reform
 - c) Reform of the immigration services
2. Strengthening the Competitiveness of the Private Sector and the Capacities of its Representative Organisations. This is further divided into sub-components, namely:
 - a) Forward and backward market linkage facilitation for Garment Diversification Scheme, Horticulture Out-grower Scheme and Tourism Industry Support
 - b) An industry lead, demand driven skills development for garment industry
 - c) Firm and Institutional Capacity Building including Private-Public Consultative Mechanisms

3. Supporting Economic Diversification through Development of Skills and Market Linkages. This is further divided into sub-components, namely:
 - a) Leasing
 - b) Credit Guarantee Scheme
 - c) Commercial Court
 - d) Rural Microfinance Policy and Development Action Strategy

The scope and coverage of each of the components will be further refined and determined in detail based on the results of the preliminary work.

5.3 Horticulture Out-Grower Scheme

The Horticulture Out-Grower Scheme falls under component 2 which is strengthening the Competitiveness of the Private Sector and the Capacities of its Representative Organisations. This is further divided into sub-components, namely: forward and backward market linkage facilitation for Garment Diversification Scheme, Horticulture Out-Grower Scheme and Tourism Industry Support.

The focus of the activities under the Horticulture Out-Grower Scheme will be to add more value to horticultural products grown in Lesotho, particularly vegetables, and tree crops such as apples and cherries and to link them to markets in South Africa, and the EU (UK) through:

- i. improving quality, volume and delivery capability of Basotho farmers;
- ii. transitioning away from smallholder farming into **group or block farming** methods; and
- iii. production of organic products to help tap into high premium niche markets.

These objectives will be met through partnerships with large scale South African farming/processing/marketing companies, who have already come on board to work with the proposed programme, particularly during the pilot phase (funded by the PHRD grant) where the programme expects to develop several demonstration plots to explore the financial, agronomic and social sustainability of the proposed partnership. The PSC Project will then provide support to scale the pilots up. In this context, two pilot projects are expected to be implemented simultaneously. The first pilot where Alpha Farms will partner with Basotho farmers to grow vegetables crops, and the second pilot will focus on the production of apples and cherries, where Denmark Estates and Basotho farmers will partner to develop crops for the local, South African and EU markets.

The role of the South African partner is to bring their technical, management and market expertise, including access to its marketing network, to help establish a scalable research plot in Lesotho. It is also envisaged that the preparatory phase of the project will also explore possible relationships with the Deciduous Fruit Producers' Trust (DFPT) and other grower's associations. Taking into consideration that Lesotho currently does not have a processing and packing facility, it is anticipated that the proposed program would embark on establishing relationships with organizations like DFPT to tap into their network of private sector interest to attract technical, management and financial partnerships with South African growers/processors.

5.4 Project Implementation

The executing agency for the Project is the Ministry of Trade, Industry, Cooperatives and Marketing (MTICM). The management structure of the project includes a Technical Committee (TC), a Project Coordinator and Working Groups (WG).

The TC comprises high level Government officials from the Ministry of Finance and Development Planning (3 people) and MTICM (3 people). The TC oversees, coordinates and monitors the work and progress of individual WG. One of the members of the TC serves as the Task Team Leader

(TTL) on the Government side and is responsible for the project preparation and will be the contact person for the Work Bank. In addition there will be a local consultant as a Project Coordinator to assist the TTL.

A WG has been established for each of the component sectors. There are a total of six WGs, one of which is Horticulture under the Ministry of Agriculture and Food Security (MAFS). The WGs work under the leadership of the TC. The WG guides and assist in the project design. Each WG comprises representatives from the public, the private sector, representative of the relevant line Ministry and South African Partners in the case of tourism and horticulture. Membership of the WG is 4 – 5 people, one of them being a Group Leader. The Group Leader is the contact person for technical discussions with the World Bank. S/He reports to the Project Coordinator.

The WG for Horticulture Out-grower component comprises of

- a) ‘Mapalesa Mothokho (Chief Crop Production Officer – Horticulture), Group Leader
- b) Lehlohonolo Mpholle (Assistant Economic Planner), Secretary
- c) Phamola Nts’ehle
- d) Thlolohelo Nkhasi
- e) Ts’eliso Lebentlele

6. FINDINGS DURING RECONNAISSANCE

6.1 District Agricultural Office, Berea

The Consultant had a meeting with the District Agricultural Officer (DAO) together with the District Extension Officer (DEO) on 20th June 2006.

The district office is aware of the project and the WG including its membership. There has been a WG meeting in the district with members from Maseru. The WG members from Maseru also addressed the field owners/workers about the project. However, no working arrangements have been set up at the district level including the role of the district staff. The district has assembled a strong project team composed of the DAO, DEO and the District Crop Production Officer (Horticulture).

The district staff claims that the area of Linokong has been subject to multiple MAFS programmes. Unfortunately these programmes were managed directly, or with instructions from the headquarters. By this, farmers were never adequately prepared from an “extension” point. The first programme was a sharecropping arrangement between field owners and the MAFS. Another programme was a vegetable irrigation scheme using a pivot system in 2004.

The new project is supposed to be a revival of the 2004 project in cooperation with Alpha. Everything has been on hold pending the appointment of the Public Relations and Awareness Specialist. The district staff further noted that the land owners have lost hope and have been starving since the first initiative. However, the landowners have also developed a dependency syndrome in that they claim that government will still come.

When asked about the production model, the district staff considers that it is for the Consultant (Public Relations and Awareness) to determine.

6.2 District Agricultural Office, Leribe

The Consultant had the first preliminary meeting on 27th June 2006 and a detailed working meeting with the Leribe District Agricultural Office on 21st July 2006.

Leribe has done a lot of commendable work, on the ground and conceptualisation, since inception of the project. They are cautious of making commitments. However, they see the need for quick action as they would like to see planting of tree seedlings started by August 2006. The district has assembled a strong project team composed of the DAO, DEO, District Crops Officer, District Horticultural Officer and District Irrigation Officer.

The RSA partner, Denmar, had identified the location and fields where the pilot project will be implemented. They need 5 hectare for the pilot project. Denmar came and re-measured the fields. From their measurements more fields had to be negotiated. The District Agricultural Office has initiated discussions with field owners without any commitment.

It was the original understanding of the district office that the Public Relations and Awareness Specialist will come to talk to field owners about details. However, from the meeting of the 21st July 2006 it became clear that the Terms of Reference specify that Consultant will work closely village representatives, the Working Group (WG), and government officials responsible for the target area to develop consensus regarding the implementation of demonstration projects. On this issue the Consultant emphasised that it is the district office has to take the lead with advice of the Consultant. Again extension work cannot, under any circumstances, be left to any Consultant alone.

On the production model, the district office considers it necessary for field owners to lease their fields, or as shareholders, with a compensation package yet to be agreed with the field owners. By this, full management including labour will be under the control of the RSA partner. Leasing needs to be agreed for a specific period; say 5 to 10 years. Who every the RSA partner will appoint as the manager will have to provide the reports to the district office in Leribe. On this, note, Leribe District Office proposes that since there are two different horticulture projects involving two different, Leribe District Office should work directly with the RSA Partner.

6.3 Pilot Areas

6.3.1 Linokong

The Consultant went on site together with the District Extension Officer (DEO) on 20th June 2006. The team met the Chairperson of the committee at his home and one field owner/worker at the fields.

Linokong is located in the lowlands of Berea District about 35 kilometres east of Maseru. The proposed fields for project implementation are on the oxbow along Mohokare. The total area is 25 hectares split into 25 individual fields and 24 owners. These fields are six to seven kilometres away from their owners. The owners are located in six villages five of which are under the jurisdiction of Chief Katiso Masupha. One field owner is under the jurisdiction of **Chief** The plan is to cooperate with Alpha estate is irrigated vegetable production.

From the field reconnaissance, the fields in question including their owners have been under various projects hastily planned and implemented by the MAFS. In the 1980s, the MAFS got into a sharecropping arrangement with the field owners, with a promise that this will continue for the next two years. The MAFS provided all inputs including land preparation. Field owners provided the labour. However, the arrangement went for only the first year.

In 2004 the MAFS started a vegetable production irrigation project using a pivot system. The scheme was named 'Mankukile Scheme. The MAFS provided all inputs including land preparation. Field owners provided the labour. There was also some baseline socioeconomic study done (Consultant was given a copy of the report). In this new arrangement, there are no agreements between the committee and some field owners on the production system. The committee proposed

group farming with all fields joined. The argument is that the pivot system cannot jump fields. Some field owners do not want their fields joined with others. As a compromise the fields were divided into blocks that can be grown to similar vegetables that can be irrigated simultaneously. Unfortunately, the mechanical components of the system were vandalised in the first year.

Field owner/workers are currently continuing to plant field crops and some vegetables, as a group, without any irrigation. The group has gotten into some form of sharecropping with some field owners/workers. An interesting observation is that most field owners are too old and have gotten into some internal sharecropping with neighbours as workers hence the term field owners/workers. By this arrangement both field owners and workers get a benefit. It is worth noting that the chairperson has no field in the scheme; he has a worker/owner relationship.

In these two previous occasions the district was working with instructions from the Headquarters. At the extreme, the last project was basically operated from Maseru. Again, there is no evidence of the MAFS having recovered its costs or field owners/workers having paid the loans. Despite the misfortunes the field owners/workers are still enthusiastic about the proposed project. However, it appears they have also developed a dependency. "Government will come".

There is a possibility of a dispute of one field and one field owner refusing to join the scheme.

6.3.2 Mahobong Lowlands

The Consultant went to the field together with the Area Extension Officer (AEO) Hlotse on 27th June 2006 where they joined the AEO Mahobong.

Mahobong is located in the lowlands of Leribe District about 25 kilometres along the Nelson Mandela Road. The fields are located on the easterly end of "Thota ea ha Mokausi" and some six kilometres away from their owners. They are also located inside other fields.

There are two field owners involved. Unfortunately, one field owner declined joining the scheme a day before. The District Agricultural Office negotiated with one field owner. This field was being measured during the field visit.

The soil scientist has engaged labour to start digging soil profile trenches and field owners are due to go to RSA.

6.3.3 Qoqolosing Foothills

The Consultant went to the field together with the Area Extension Officer (AEO) Hlotse on 27th June 2006.

Qoqolosing is located 20 kilometres from Hlotse with an easterly turn off 5 kilometres along Nelson Mandela Road.

6.4 Agribusiness, Lesotho

The purpose of the overall project is to add more value to horticultural products grown in Lesotho. It was accordingly necessary to find the current status of agribusiness in Lesotho. Only one company was visited, that is, Basotho Fruits and Vegetable Cannery. They are currently concentrating on organically produced fruits and vegetables. However, the Managing Director provided important information on the production model. Technically a factory would want a product of a given quantity and quality. One way to control it is to get into some form of contract agreement with the farmers. At the extreme, the factory has to provide all inputs including land preparation while farmers provide the labour. The factory cost are deducted overtime.

6.5 Private Sector, Lesotho

Basotho Fruits and Vegetable Cannery (BF&VC) currently packages only organic products. They buy from anybody; there are no contracts. However, they have previous experience with asparagus. The company had a contractual agreement with the land owners. There was a process of explaining the programme to the land owners, importance of their participation and the management of the programme. The company provided all inputs (seedling, fertiliser and pesticides), land preparation operations to individual land owners and supervision. The land owners provided the labour. Because of the high establishment costs, the deductions were spread over a long period.

6.6 Cooperating Partners in RSA

6.6.1 Alpha Estate

Alpha Estate is located 40 kilometres east of Maseru Border Post in the Orange Free State and across the proposed Linokong pilot area. It has various enterprises including beef cattle for sale to feedlots, grain crops for sale to cooperative, fruits and vegetables (packaged) for the local market and export to the European Market. The main vegetable crops are sweet corn, baby marrows (lehelenyane), Brussels sprouts.

According to the General Manager, growing a specific product for a specific client is complex, particularly the European Market. The client specifications include recording every production and harvesting activity and linking it to packaging process; hence traceability record. For example, date of planting, fertilisers and quantities per hectare, herbicides and quantities used including the qualification of person applying the herbicide, date of harvesting including temperature, date of packing and packaging process.

The complexity of the production process is adherence to strict timing. For example, a baby marrow harvested in the morning has a high quality and demanded by clients, than the one harvested in the afternoon. The baby marrow has also to be packed within a certain period after harvest. Practically, this has an impact on the border control and customs between Lesotho and RSA. It will be noted that it takes four hours, round trip, to drive from Alpha Estate to Linokong. Assuming two hours of harvesting; it takes eight hours, yet Linokong is stone throw away from Alpha. This dictates negotiation on the relaxing border control and customs requirements.

Coming to the pilot project, the Director of Alpha noted a concern about their long standing good relationships, from 1925, with Linokong community and their poverty. He would like to see them uplifted, hence fully supports the pilot project. However, he is equally **concerned about the rate of failure of projects in Lesotho**. He would not like get involved in a project that will soon fail. This will have a negative impact on their good relationships with Linokong community. He emphasised that they would get involved if all the basics are put in place first. This includes land ownership and border control and customs, among them.

His proposition is that given the demands of the clients, they will have to take control of the total production process. By this land owners have to give up their rights of land and labour rights and form a legal entity.

So far, there is no steps taken to implement the pilot in Lesotho.

6.6.2 Denmark

The situation and the position of the Farm Manager of Denmark are similar to Alpha Estate. First the complexity of producing for a demanding client and the need for traceability record dictates that they take control of the total production process with the land owners giving up their right to land and labour rights and forming a legal entity.

Second, their concern about the **rate of failure of projects in Lesotho** and their fear of failure dictates that the basics are put in place first. They have a good name in Lesotho. They started trading in Lesotho between RSA sanctions. There is a formal agreement and good working relationships with Lesotho Dairy Product for the last 12 years. The company employs most of its labour during peak period from Lesotho. They do not want to spoil the good name with failing projects.

The Farm Manager noted the urgency of putting everything in place. Fruit tree seedlings stock has been sitting in the cold room since 2005. They have to be planted this September 2006. Any delays will delay the project as it takes two years to get to stock delivered.

6.7 Discussions/Recommendation

The arrangement of owner/worker poses a challenge to the baseline study and the form of production that will be developed for the planned scheme in **Linokong**. For the baseline study, the question is who are the target beneficiaries? For the production system, who makes decisions? The consultant proposes to include parties, field owners and field workers, in the whole process.

The field extension should be approached with caution. It should not be entered into until there is a full technical, financial and economic planning of the project has been agreed by all parties in the senior management.

There must be a cadastral survey and mapping of all fields.

What appears is that the two pilot areas, by district, are at different stages with different paces and different crops to plant. The RSA partner for Linokong pilot (vegetables) has not yet made any moves to implement the project. On the hand, the RSA partner for Mahobong-Qoqolosing pilot (fruits) has made advanced arrangements. It is recommended that they be handled differently for operational purposes. By this, each partner should work directly with the individual District Agricultural Offices, but under the guidance of the WG.

Based on the discussions with the DAOs in Berea and Leribe there it is important to agree internally on the production model. However, from discussions with the South African partners, separately they have commonalities. In order to put the situation of agricultural production into perspective it is in order to give an overview of the production models.

There are various production models that can be used, namely,

- i. Individual production where the household decides his planting regime, labour allocation including the allocation of benefits/produce/profit (Common model).
- ii. Individual production where the household produces for a specified client. The household together with client decides his planting regime, labour allocation. The client recovers the cost over time (Masianokeng Model).
- iii. Group farming where the individual members only share common services like reticulation, purchase and maintenance of pumping machinery and associated running costs; individual fields are not joined with individual households deciding their planting regime, labour and benefits/produce/profit. (Rasekila Model).

- iv. Group farming where individual fields are joined and farmed as one block under one management with owners agreeing on the planting regime, providing all the labour and sharing the benefits/produce/profit by an agreed formula (Thaba Phats'oa Model)
- v. Block farming where individual fields are joined and farmed as one block under one management with land owners forfeiting their rights of land, labour rights and the planting regime; management employing labour on merit and field owners only come in during sharing the benefits/produce/profit by an agreed formula (Leasing arrangement, not known in Lesotho).

Any one of the above could have element of contract farming, where the farmer produces a specified product for a specified client. In most cases the client determines the quality of the product.

Based on discussions with the RSA partners the production model should be block farming where individual fields are joined and farmed as one block under one management with land owners forfeiting their rights of land on a lease arrangement, labour rights and the planting regime. Management will employ labour on merit and field owners only come in during sharing the benefits/produce/profit by an agreed formula. This requires developing leasing arrangements within the land tenure system of Lesotho.

Other issues which impact upon the Horticulture Out-Grower scheme and have to be addressed are: to be addressed Company Registration, Licensing, Immigration Services and Border Control. It will be noted that most of these are included in other components of the PSDP, they are mentioned for emphasis

7. SEQUENCE OF EVENTS

7.1 Introduction

The scope of work require the Consultant to work closely with the WG, particularly with the private sector partners, to define the sequence of events required to develop the demonstration area; and to define the level of work required, strategy for engaging local workers, timeline, and possible constraints.

An agreement has been reached with the WG contact person that these events have various classifications. For the purpose of this inception report the events are divided into general and specific to public relations and awareness. The following section gives a summary of general activities under consolidation. The general events do not fall within the scope of the Public Relations Awareness Consultant. The general events become a package that the Public Relations Awareness Consultant will use in his activities.

7.2 Consolidation

7.2.1 Key Agreements

The WG has been established. The WG has to urgently agree on the production model, land issues, leasing arrangements and the period of leasing. It will be noted that horticultural projects generally have high establishment costs and it takes time to recover these costs. Fruit trees take time to bear fruits for sale. Without pre-empting the decision of the WG, the minimum lease period would be 10 years, which translates into the pilot phase.

As noted above the RSA partners propose that land owners form and register an organised legal entity whose management will negotiate with the participating partner. This will require close collaboration with other components of PSC, namely, Company Registration Reform,

Licensing Reform, Reform of the immigration services and Leasing.

The WG has to set the standard procedures for the relationships of individual RSA Partners and individual district teams. The Consultant recommends that the two pilot projects be treated separately at the operational level. They appear to be working at different speeds and time constraints. By this arrangement Alpha will deal directly with DAO Berea on operational matters. Similarly, Denmar will deal directly with DAO Leribe on operational matters. It is hoped this arrangement will fast track decision making.

The Districts offices of MAFS have established their internal working teams. The teams are very important as entry points in the district particularly for the Public Relations and Awareness Specialist. Berea team is composed of the DAO, DEO and the District Crop Production Officer (Horticulture). Leribe team is composed of the DAO, DEO, District Crops Officer, District Horticultural Officer and District Irrigation Officer.

7.2.2 Training of District Staff

The district staff of the MAFS is on the frontline in all activities in the district. They are the trainers of the households they work with. They need to be empowered. For this project they will be carrying the burden of responding to the general public. They need to be trained on key technical information on different production systems and their implications; customer/client needs on quality, quantity on time schedule and traceability. These have an impact on land and labour issue. In this way they can respond positively to the public about the project. A field trip to one of the estates of the RSA partners would go a long way in empowering them.

7.2.3 Cooperating Partners

The cooperating partners need to develop a time table with figures of what is required and when. The Consultant was given the Denmar time table. It does not specify the quantities of trees to be planted by site.

7.3 Public Relations and Awareness

7.3.1 Introduction

The Scope of Work requires the Consultant to work closely with all stakeholders including the field staff of the MAFS. As shown on the comments on the Scope of Work, agricultural extension is a long term activity of the Ministry of Agriculture and Food Security. As such it cannot be left entirely to a Consultant who is temporary. All activities under the Public Relations and Awareness will accordingly be done in concert with the field staff of the MAFS under the guidance of the WG. The activities for public relations and awareness have been identified as follows:

- i. Determine sequence of events, timeline and constraints, the level of work required, strategy for engaging participating households.
- ii. Dialogue with the district staff and the households on the proposed project.
- iii. Identification of the local administration structure and identification of village representatives.
- iv. Targeting: identifying the cluster of farmers to run test trials.
- v. Identification of the target group (field owners) their profiles, needs, interest and concerns.
- vi. Programming 2: public relations and awareness campaign
- vii. Public Relations: develop awareness/campaign materials relying heavily on visual presentations

7.3.2 Dialogue

The district staff and participating households will be made aware of the production model and that they should give up their rights to land, decision making on planting regimes and labour and management to one person to the participating partner. They will be required to give their opinions on opinions on leasing arrangements, and compensation.

They will be made aware that they will have to form an organised legal entity whose management will negotiate with the participating partner, registration of the legal entity and that all agreements between the legal entity and cooperating partner

7.3.3 Socioeconomic Profiles of Participating Household

See section 8 below.

7.3.4 Awareness and Materials

See section 9 below

8. BASELINE STUDIES

The design of the baseline studies will include socioeconomic status of participating households, ownership of assets including land ownership. All lands will be measured in order to determine how much will be involved in the project and how much will be left.

The arrangement of owner/worker poses a challenge to the baseline study and the form of production that will be developed for the planned scheme. For the baseline study, the question is who are the target audience? For the production system, who makes decisions? The consultant proposes to include parties, field owners and field workers, in the whole process.

9. PUBLIC AWARENES

The Consultant will engage on public awareness and field extension is a continuous exercise. Public awareness materials will be developed together with the cooperating partners in RSA.

The design of awareness material will not only focus on participating farmers by all members of the community and they will be involved in future expansion. Again they will have to be aware of the pilot in order to give support.

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PERSONS MET

Name	Position	Organisation/Organisation
Chaba Mokuku	Project Manager	MDTP
‘Mapalesa Mothokho	Chief Horticulture Officer	MAFS, Crops
Lehlohonolo Mpholle	Assistant Economic Planner	MAFS, DPP
Nthabiseng Lethunya	Legal Officer	MAFS
Mpho Thato	DAO	MAFS, Berea
Tlali Lekhela	DAO	MAFS, Leribe
Mohapinyane Mofolo	DEO	MAFS, Berea
Morumuoa Seleballo	DEO	MAFS, Leribe
‘Malechesa	Horticultural Officer	MAFS, Leribe
Letsatsi Mokhubu	Irrigation Officer	MAFS, Leribe
Mphasa Mphasa	Area Ext. Officer	MAFS, Leribe
Sekhonyana Molapo	Area Ext. Officer	MAFS, Leribe
Phallang Mokhesi	Managing Director	BF&VC
Mpho Monethi	Field Owners/Worker	Linokong, Berea
Tlalajoe Tlalajoe	Field Owner/Worker	Linokong, Berea
Bernard Mann	Direct	Alpha Estate
Bruce Hamilton	General Manager	Alpha Estate
Mariana du Preez	Farm Manager	Denmar

OTHER PERSONS TO MEET

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Theresia Rasethunts’a World Bank Lesotho
Millennium Challenge Corporation