

Southern African Development Research Network (SADRN) Policy Makers Workshop

Reflections of Policy Research and Capacity building networks in
Southern Africa

20 and 21 May 2010

Premier Hotel, Pretoria

Reflection by Policy Makers

Prepared by Lipuo Molapo (Ms)
and Tlohelang Aumane (Mr)

Overview

- Economic Developments in Lesotho
- Outlook
- Technical Assistance and Capacity Building
- Experiences and challenges from the Ministry of Trade and Industry, Cooperatives and Marketing

Economic Developments in Lesotho

- Lesotho is a Least Developed country, Per capita income of USD 796 in 2007
- 30,355 Square Km, about 2/3 mountainous
- Population estimated to about 2 million
- Ranks 155th (out of 177 countries) in the UNDP Human Development Index in 2008
- Classified a food deficit country by WFP, importing 50% of its staple grain needs

Economic Developments in Lesotho

cont

- Services contributed 41.8% of real GDP in 2006
- Manufacturing notably textiles and clothing accounted for 16.4% of real GDP in 2006
- Main markets are SACU and North America
 - Thanks to common customs territory and AGOA
- DFQF MA in most developed countries such as in the EC, Australia, Switzerland, JP and some developing countries such as India and China

Outlook

- Vision 2020, PRS including DTIS are being implemented with support from WB, IMF, UNDP and other development partners
- In September 2008 the compact with MCC entered into force and it is to be implemented over 5 yrs. It covers Water, health and private sector development.
- Annual economic growth is expected to be 3 – 4% (IMF 2009) well below 7.5% needed to the MDG goal of halving the incidence of poverty by 2015
- Uncertain SACU revenues poses a challenge to fiscal management as these receipts account to more that 50% of government revenue

TACB

- TACB include short WTO national and regional workshops
- Has undertaken TF needs assessment
- Has requested ICTSD and WTO to undertake TRIPS assessment
- Regional organisations such as TRALAC, TRAPCA, etc
- Challenges still remain: data collection i.e. setting up a Modern statistical system and policy analysis

Cont

- Supply side constraints:
- EIF
- Its main objectives are to:
 - Mainstream trade into LDCs' national development plans (NDPs), such as Poverty Reduction Strategy Papers (PRSPs)
 - assist in the coordinated delivery of trade-related technical assistance (TRTA) in response to needs identified by LDCs
 - develop the capacity of LDCs to trade, including through capacity building and addressing supply constraints.

Policy and Regulatory Analysis Unit

- Key to having an appropriate regulatory framework is adequate information and informed analysis.
- The Ministry also has limited data and analysis capacity vital to assessing trade flows and formulating trade negotiation positions and has to rely on outside assistance for research and analysis
- Working closely with the Bureau of Statistics, MoFDP and the Central Bank, the unit is charged with collecting and collating economic data for analysis. This analysis was then to be used to inform *1) trade negotiating positions, 2) appropriate MTICM regulatory reform, and 3) impact assessments of other GoL regulations on the private sector.*

Lesotho Trade and Poverty programme

Lesotho developed Trade and Poverty program

- Project components included
 - Institutional Review
 - Review of strategic plan
 - Assistance with trade data
 - Legal Review

LTPP cont

- Trade Policy Studies
 - RoO: Developing a Lesotho position for the EPA
 - Export diversification
 - Lesotho participation in SACU
- Communication and Links between government, private sector and civil society including academia

Stakeholder involvement

- WTO national steering committee
- SADC National Committees
- EPA Stakeholders
- Industrialisation committee
- Inter-ministerial task force

Regional Research Network

- Do you think it is important to have this regional network:

- Yes

- Sharing best model practices and research and expertise

What can improve policy formulation in Africa

- It depends who you are, and to what extent you can influence trade
- Otherwise fragmented interventions based on research are important if you are small and poor
- Effectiveness needs more assistance and honouring assistance commitments by the development partners and for all inclusive policy formulation at national level.
- Stakeholder involvement

Challenges lie ahead for Lesotho

This include:

- Declining SACU revenues
- Preference erosion
- End of safeguards on Chinese exports in 2008, DFQF MA for Asian LDCs such as Bangladesh
- Need for specialised experts such as textiles experts

Conclusion

- Workshops like this one are important, because they promote dialogue and understanding.
- Academic research is important. Both for the academic life and to inform policy.



Thank you for your attention