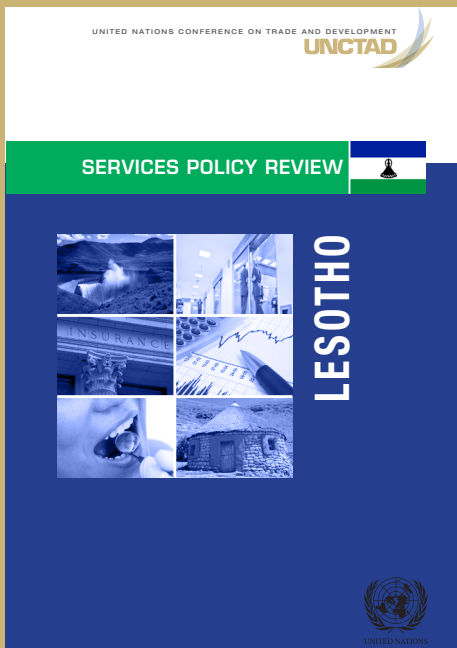




Services Policy Review: Lesotho



The services sector in the Kingdom of Lesotho is the largest sector in the economy, with a share of GDP of 59.7 per cent in 2010. This share has, however, declined over the last two decades (from 62.4 per cent in 1990) as the contribution of industry has expanded. The Lesotho Services Policy Review (SPR) focuses on three areas within the services sector, namely tourism, financial and professional medical services.

In the financial services sector, recent reforms aimed at modernizing the financial sector with a view to creating a better regulatory and policy environment, and to expand access to finance to entrepreneurs, SMMEs and the poor, particularly in the country's rural areas. While these reforms contributed to the achievement of relatively high levels of financial inclusion, limited access to financial services in the country's rural areas remains an issue.

In Lesotho, the main providers of professional medical services include public-sector providers of health services, including government health centres and district hospitals; faith-based providers (referring to the provision of health services by Christian churches) and private-sector providers (representing for-profit providers). The country continues to suffer from an insufficient number of professionals which is lower than the African average.

The tourism sector in Lesotho is already an important contributor to GDP and employment. The Government continues its efforts to remove obstacles hampering the development of the sector and to enable the tourism sector to reach its full potential.

The SPR offers a number of horizontal recommendations for the services sector including the following:

- The development of a national services development strategy plan;
- An investigation of ways to improve infrastructure services that support the services sector, including the instigation of innovative financing models and public-private partnerships;
- The adoption of competition law and establishment of a competition authority;
- Enactment of a comprehensive investment code;
- Improvement of Lesotho's business climate through the implementation of the new Companies Act (2011);
- Further efforts to eliminate red tape and simplify regulatory processes and procedures;

Sector-specific recommendations include the following:

- The development of appropriate policies to guide the development of the financial services sector, particularly policies on microfinance and on consumer protection.
- Improvement is required in access to both formal banking and non-banking financial services in the rural areas.
- The simplification of procedures for SMMEs to access finance and credit facilities in Lesotho.
- Approval and implementation of a retention strategy to avoid the exodus of health care professionals out of the country.
- Partnerships with other countries so as to attract health professionals from those countries to work.
- Development of a joint development agenda between Lesotho and South Africa on a formal basis.
- Development and strengthening of supply chain linkages between multinational tourism enterprises and local suppliers of tourism-related products and services.
- Enhanced dialogue between the various institutions with oversight of the tourism sector so as to expand their role in tourism development and determine in which areas cooperation could be viable.