



**MULTI-YEAR EXPERT MEETING ON TRADE, SERVICES AND DEVELOPMENT**

Geneva, 11–13 May 2015

**LESOTHO SERVICES POLICY REVIEW**

SESSION 5



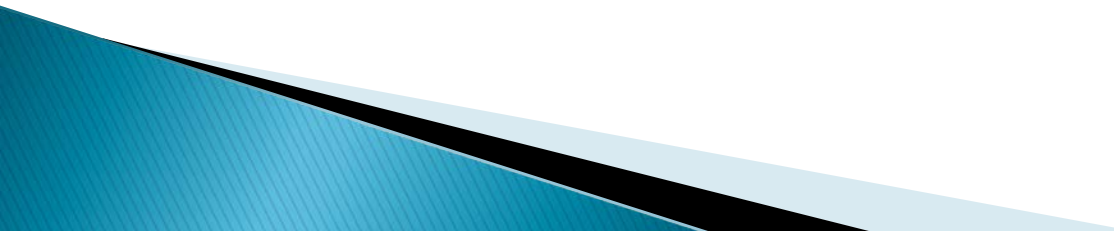
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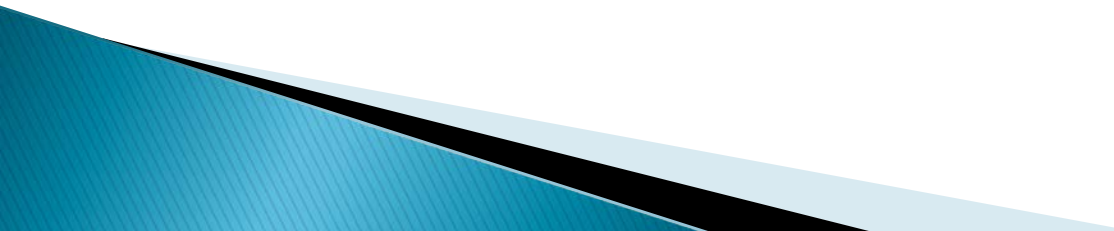
# Lesotho Services Policy Review

Presentation by: Teboho Tsekoa  
Chief Trade Development Office  
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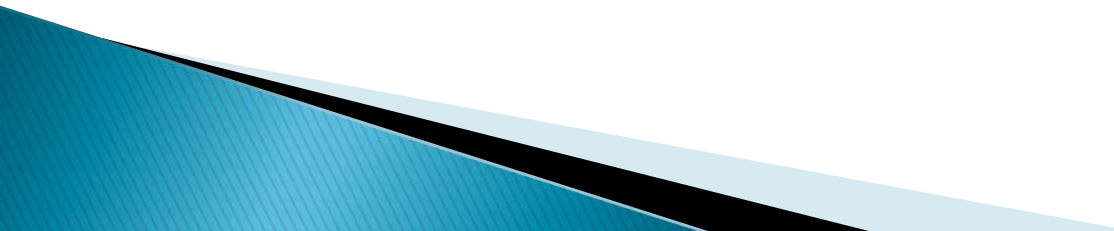
# NATURE OF TRADE IN SERVICES IN LESOTHO

- Services sector has become an important contributor to overall development of the countries of the world in terms of its contribution to the foreign exchange earnings, GDP as well as employment generation ultimately poverty alleviation.
  - Services sector accounts for 40% to 45% of Lesotho's GDP.
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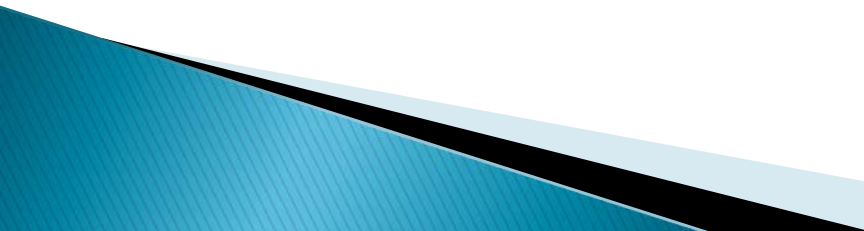
# NATURE OF TRADE IN SERVICES IN LESOTHO

- Significant services– wholesale and retail services, banking and insurance, tourism, transportation and communications.
  - There is also a notable growth in business and professional services.
  - There is an extensive foreign ownership particularly by South Africa in the key services sector such as, communications air transport, tourism, wholesale, retail and financial
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# NATURE OF TRADE IN SERVICES IN LESOTHO

- Currently, Lesotho's Government priority is to develop the tourism sector.
  - However there are number of factors that have militated the country against achieving her potential in the sector. These include:
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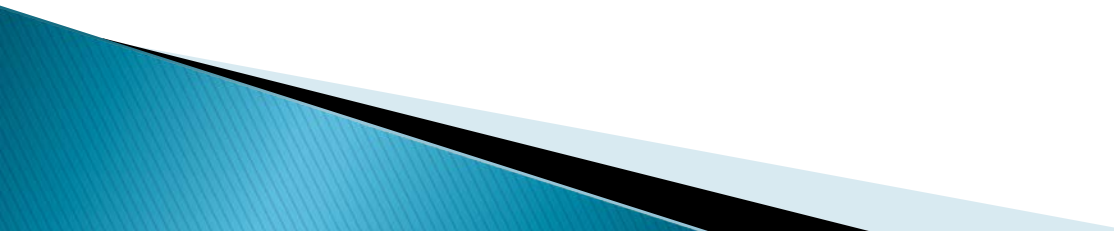
# NATURE OF SERVICES TRADE IN LESOTHO

- Poor infrastructure outside major towns and high costs of travelling to Lesotho (roads, electricity and water supply).
  - Poor telecommunications facilities.
  - Lack of appropriate policy framework which could encourage investment in this regard and create conditions for a sustainable tourism in the long run.
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# DEVELOPMENT OF SPR IN LESOTHO

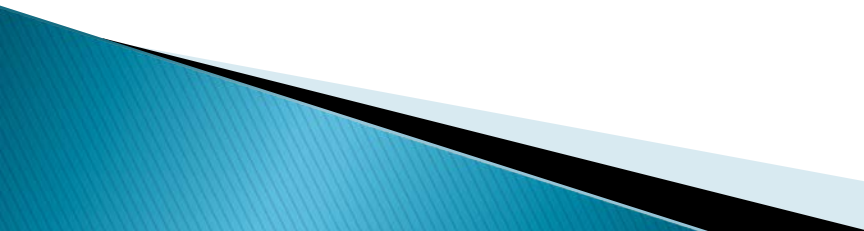
- ▶ SPR focused on three key services sectors, namely Financial Services, Professional medical services and Tourism services.
  - ▶ A broad group of stakeholders from the Government, industry, academia and civil society was engaged to identify challenges and opportunities in the three sectors.
  - ▶ The stakeholders were involved through interviews and questionnaires, and provided inputs to the report, they also validated the recommendations that came out of the study as well as to identify which entities could be responsible for leading the implementation of each adopted recommendation.
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# LESSONS LEARNED IN SPR

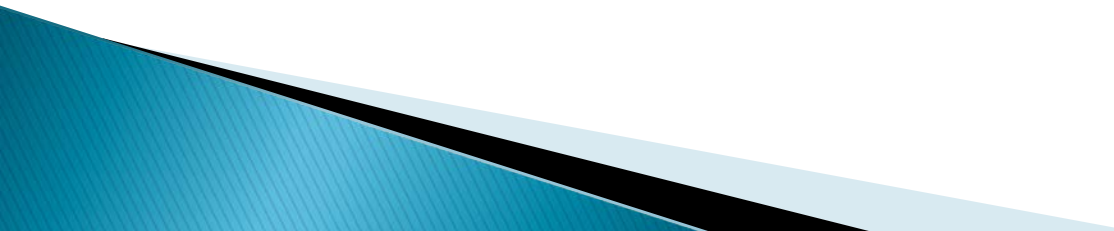
- ▶ There is need to improve the investment climate so as to attract more domestic as well as foreign investment to develop services.
  - ▶ The Government needs to identify how coherence can be advanced between trade and trade liberalization policies and other government policies.
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# LESSONS LEARNED IN SPR CON'T

- ▶ It is important to review national economic, regulatory, institutional and trade policy environment affecting the services sectors, and its competitiveness.
  - ▶ A thorough process of domestic regulatory review is very important for the services sector, since the regulatory framework in particular seems to be lacking, or is still relatively weak, in a number of areas.
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# LESSONS LEARNED IN SPR CON'T

- ▶ The financial services sector in Lesotho should be linked to all major sectors in the economy through its role in the provision of finance and banking and non-banking financial services to these sectors.
  - ▶ It is also crucial that the Government of Lesotho put in place the necessary processes and procedures for services-related policymaking and trade negotiations. Government must continue to engage the private sector in these processes and procedures since it will be important for the private sector to be involved in further developing and taking part in the services economy.
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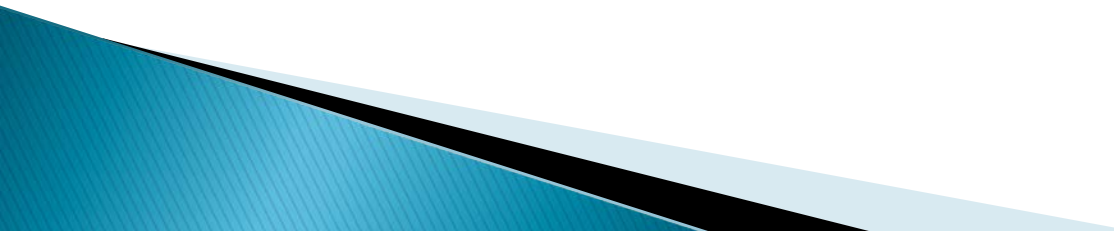
# LESSONS LEARNED IN SPR CON'T

- ▶ In cases where linkages between tourism and other sectors in Lesotho remain weak, there is a need for government policies to focus on stimulating the development of supply capacity in national markets and the availability and further development of tourism supporting infrastructure (airports, ports, roads and hospitals) and quality basic services (financial, telecommunications, water, energy, sanitation and health services).
- ▶ Lesotho's trade liberalization strategy should focus on securing access to other markets as Lesotho's market is already open to foreign services.

# OPPORTUNITIES REGARDING IMPLEMENTATION OF SPR RECOMMENDATIONS

- ▶ Lesotho is engaged in a number of negotiations both at regional and multilateral level and the Services Policy Review has provided valuable input into developing her negotiating positions especially under the following areas:
  - **LDC Services Waiver** – Lesotho was able to submit her requests that included; Financial Services, Tourism and Professional Services sectors to the LDCs Group to accelerate the operationalization of the LDC Services Waiver
  - **SADC EC EPA Negotiations** – Lesotho under SADC EC EPA Negotiations is in a position to negotiate Mode 4 which includes professional services.
  - **SADC Trade in Services Negotiations** – Lesotho has been able to develop her defensive and offensive interests in six priority sectors which include tourism and financial services sectors under SADC Trade in Services negotiations

# OPPORTUNITIES REGARDING IMPLEMENTATION OF SPR RECOMMENDATIONS

- ▶ Lesotho is currently implementing the National Strategic Development Plan which targets employment as a key theme for achieving the National Vision 2020 in order to address issues of economic development and poverty alleviation. Tourism is one of priority sectors identified under SPR this program and with the technical assistance Lesotho has been able to develop situational analysis to assist in the improvement of the sector.
  - ▶ The Services Policy Review recommended for collection and publication of more detailed and up to date data for any service sector that may be used by policy makers for policy formulation, planning, decision making, monitoring and evaluation purposes.
  - ▶ Lesotho with technical support from the SADC Secretariat, engaged a short term expert to design a statistics template for collection and compilation of statistics on trade in services focusing on six priority sectors under SADC services negotiations which included tourism and financial services sectors to implement such recommendation.
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# CHALLENGES REGARDING IMPLEMENTATION SPR RECOMMENDATIONS

- ▶ Most of the recommendations have not been implemented in a sense related to SPR process.
- ▶ Weak inter-Ministerial/ Agency coordination and dialogue continue to have significant negative effects on sector policies
  - *Limited participation – Government, Privates Sector, Civil society*
  - *Lack of common understanding of country objectives*
  - *Lack of commitment and trust amongst stakeholders*
  - *Uncoordinated efforts – national/regional initiatives*
- ▶ *These lead to Slow/NO implementation of policies or proposed legislative reforms*

# CONCLUSION

- ▶ For trade in services to effectively play its role in economic development and sustainable growth, there is a need to better channel both technical and financial resources and capacity building programmes to overcoming services supply capacity gaps by:
  - developing the services sector through increased investment
  - improving policy and regulatory frameworks, and
  - enhancing institutional capacities of regulatory authorities
- ▶ Lesotho is grateful to UNCTAD for the SPRs initiative
- ▶ Needs support in developing a strategic vision for the development of the services sector and services trade.

# CONCLUSION CON'T

- ▶ Policies, regulatory and institutional frameworks, as well as strategies for services sector development are a vital element to the economic development of small states such as Lesotho.
  - ▶ National services sector development strategies should be developed through a greater Coordination of cross- sectoral institutions for greater impact on services growth, with all key actors
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