

**Lesotho National Farmers Union  
P.O.Box 11911  
Maseru 100  
Lesotho**

+266 22327009  
[lenaful@gmail.com](mailto:lenaful@gmail.com)



## **Resolutions of the Stakeholder Workshop**

**on the Report on**

### **Impacts of COVID-19 Lockdown on Agriculture and Food Security Sector in Lesotho: A Rapid Assessment**

**24<sup>th</sup> September 2020**

## **1.0 Introduction**

A multi-stakeholder workshop was convened at Mojalefa Lephole Convention Center on Thursday 24<sup>th</sup> September 2020 to consider the results of a rapid appraisal study on the impact of the COVID-19 induced lockdown on agriculture and food security sector in Lesotho. The purpose of the workshop was to: i) disseminate the results of the study to a forum of stakeholders in the agricultural sector in Lesotho; and ii) sound stakeholders on the concept and prospects of a “Buy Lesotho” initiative in the agricultural sector. The meeting was attended by; the government departments, Non-Governmental Organizations, Food packers and processors, agro dealers and the farmers.

## **2.0 Observations and Recommendations on the Results of COVID-19 Impact Study**

Having considered the results, recommendations and implications of the rapid appraisal study, the meeting acknowledged the variable impacts of the COVID-19 induced lockdown in various stages of the value chain in the sector especially on the following sub-sectors: the production sub-sector at farm level, the business subsector in its various dimensions e.g. input supply and entrepreneurial value chains at different levels e.g. wholesalers, retailers and sole proprietors (farmers). The meeting further noted that many of the impacts cannot be wholly attributed to COVID-19 but nevertheless acknowledged its compounding negative effect on services, production and productivity of the sector. In fact, the COVID-19 induced crisis has exposed existing weakness, challenges and problems at individual, institutional and systemic levels. The challenge is to learn from the crisis and authenticate the role of agriculture in the economy. That notwithstanding, the meeting, all things being equal, resolved to adduce the following recommendations:

- 2.1** The meeting acknowledged with concern the operational constraints imposed by the ever dwindling budgetary allocations to the agricultural sector and its negative implications on growth as indicated in the report. Given the overarching goal of the sector i.e. food and nutrition security, the logistical budgetary support operations across the sector i.e. research, extension, mechanical and input supply subsidies must be critically reviewed including critical investments in human resources development and capacity building at individual, institutional and systemic levels. Investment in research and development as well as dissemination of research results are among the factors that are imperative in contributing towards the accomplishment of food security and the budgetary allocations must be commensurate.
- 2.2** The government is procuring agricultural inputs (seeds and fertilizers) which are not performing well under the climatic conditions and edaphic characteristics of the

- country. Investment in local research is highly recommended as the emerging technologies that are developed locally are suited to the environmental conditions.
- 2.3** There is a pressing need for systematic review of the institutional and governance structures to embrace the contemporary issues in the sector. For instance, the issuing of government tenders, various business permissions and regulatory frameworks should be re-aligned to the aforementioned structures.
- 2.4** Should the country experience pandemic diseases such as COVID-19, consideration of agriculture as essential service must be more than a lip service and must be supported from the onset with regulations that enable all actors in the value chain. This should include an equitable representation of all actors in emergency structures and institutions e.g. Command Centre and NACOSEC .
- 2.5** The meeting takes cognizance of the information gap between the service providers and farmers as captured in the report on the one hand, and between production and processing creating market disincentive and disequilibrium in demand and supply chains. Hence, there is a need to incorporate use of information and communication technologies (ICT) in already existing methods of information dissemination. This calls for improved infrastructure and facilities to harness the use of ICT. The use of ICT by farmers for marketing and networking must be encouraged and motivated hence supporting investment on ICT platforms by commodity associations and training of farmers is imperative.
- 2.6** There is an urgent need for agricultural commodification. Farmers who produce similar commodities must be networked to enable to collectively meet the market demand. Formation and capacity building of farmers' groups cannot be emphasized in this regard. The crisis has exposed the niche markets and investment domains in the sector such as the production of poultry meat and beef.
- 2.7** The government and its stakeholders need to robustly find ways to meet the national food demand without depending entirely on imported food. For instance, food reserves (silos) need to be established as sustainable collection centres of farmers' produce that help during pandemics (COVID-19). It is also important to capacitate farmers to produce enough to supply food reserves for the country. To this end government must promote and /or invest in processing and storage infrastructure.
- 2.8** The high dependence on South Africa for agricultural inputs is indicative of the need to produce some of these inputs locally, such as medication, animal feed and fertilizers. While heading towards producing locally, agricultural inputs must be

procured in large quantities, so that they do not immediately run out in times of crisis. However, quality of the agricultural inputs that are imported must be ensured, as the cost of procuring the inputs is high. There is need to invest and/or co-invest in input depots. To this end, quality standards across the value chain must be emphasised to satisfy market demands. Trainings are essential to equip actors with the knowledge and skills that they require to adhere to quality standards.

- 2.9** Create Public Private Producer Partnerships in support of agricultural value chains through appropriate legal and /or regulatory structures involving commodity associations and business as well as research institutions and academia.

### **3.0 Observations and Recommendations on the Buy Lesotho Concept**

#### **3.1 Introduction**

The development of Buy Lesotho – Build the Kingdom Strategy is long overdue. It is underwritten by an overriding assumption that its successful implementation will encourage the consumption of locally produced goods and services. This is further informed by the historical trade imbalance skewed towards an import oriented economy. The paradigm shift towards local preference of goods and services makes a fundamental assumption that producers and service providers will be able to supply globally competitive goods and services for consumers’ preferences, choices and tastes. The clarion call was made some years back when government declared that all public building shall have a certain proportion of the building infrastructure made up of local sandstone. This was a visionary decision although it was never taken to its logical conclusions to cover all aspects of the economy. When government agencies procure materials for government use, a lot of them are mandated by law to procure a certain percentage of local produce. There are some very obvious benefits to buying locally made goods and services.

##### **3.1.1 Reduced Dependence on Imports**

Businesses may find cheaper alternatives to goods and services outside their country. However, ideally, they should resist buying these goods in bulk. This is because, over time, imports become the predominant source of supply. The local businesses tend to suffer and close down creating a

negative impact on the economy. However, the consumers also do not completely benefit from these imported goods because they increase the reliance of an economy on other nations. This can also lead to a drop in political power amongst nations. Free trade across the world ought to be encouraged. However, it is economically better in the long run if communities sourced a large portion of their requirement locally.

### **3.1.2 Job Creation**

If consumers spend say M1000.00 at a local farm or production center or pays M10, 000.00 for local service provision e.g. bricklayer, close to 75 percent of the amount spent will stay within the same locality district or constituency. This is because the small businesses tend to hire people from the local area. They also tend to buy raw materials from other small businesses who also hire people from within the same geographical area. Hence, buying locally drastically increases the employment. In Lesotho, our unemployment rate would not be so high if the goods manufactured in our industrial complex was used within the nation rather than targeted at AGOWA arrangement. Basotho are not even aware of the variety of goods manufactured in Lesotho. In contrast we rely on imported goods in much large quantities such that unemployment becomes a real issue. None of our wholesalers and retailers sell Lesotho products from clothing to food products hence the local employment rate has been decimated.

### **3.1.3 Higher Tax Base**

There are many advantages to having money circulate within the local economy. One of the advantages is that the tax base becomes higher. Hence, governments can generate the same amount of money with same or lower tax rates. Once again, if a consumer spends M1000 at a local store or spends M10,000.00 to procure local services, 75 percent remains within the economy. When this is spent, once again the Lesotho Revenue Authority can tax this transaction. As a result, even though the quantity of money remains the same, its velocity increases. This leads to a higher local GDP which in turn causes a higher tax base. The result is that governments end up earning more money even though consumer spending remains exactly the same.

### **3.1.4 Increased Competition**

From a consumer's point of view, it is better to spend money at a local store than at a big business. The nature of big businesses is such that they move the industry towards an oligopolistic structure. This means that only a few firms control the entire industry. As a result, these firms end up having a lot of bargaining power over other business associates. The end result is exploitation of local

communities. These big firms try to dominate their suppliers as well as their employees. Instead, if customers spend their money at the local stores, they ensure that the other stakeholders are also treated respectfully. The fragmented nature of small businesses makes it impossible for them to dominate the other suppliers.

### **3.1.5 Environment-Friendly**

Small businesses also tend to be environmentally friendly. They have a smaller ecological footprint than all the bigger corporations. This is because the smaller organizations tend to source their products locally. As a result, the amount of fuel that is burnt while getting the products to the stores is very less compared to multinational organizations. Since the products are not transported as often, they do not need to be packaged extensively. This leads to the use of much less plastic and other non-bio degradable packaging material.

Also, the products sold by small businesses seldom require facilities like refrigerated warehousing. Once again, this translates to lower ecological damage. This is because fewer greenhouse gases are emitted in the process. Hence, small businesses are also beneficial for the environment since they are much less likely to cause destruction on the scale that mega-corporations do.

### **3.1.6 Conclusion**

The bottom line is that large corporations end up damaging the local economy. They tend to hike up the rents and drive down the wages in every small town that they enter. The most important point is that larger businesses remit money from the town to the headquarters of the company. This could be in the same country or abroad. However, the effect is that same since money is sucked out of the local economy. This often leads to revenue loss for the governments who are then unable to meet the welfare obligations of the employees which have been laid off.

The negative impact of mega-corporations on small communities has been well documented and well understood. It is for this reason that the governments are making it mandatory that a part of the product should always be sourced locally.

## **4.0 Buy Lesotho – Build the Kingdom Strategy: Thinking Aloud**

### **4.1 The Concept**

Hitherto, the country's growth has been guided by the National Vision 2020 and the recently adopted National Strategic Development Plan II both of which encourage local production of goods and services and the development of the informal sector. Ideally, we must establish a multi-

stakeholder forum name “Brand Lesotho Board” with a government commitment to put in place an integrated coordinating mechanism for building and enhancing the country’s image and national identity to rally the citizenry behind it. One of its core mandates must be to identify and distinguish Lesotho products, services and concepts that would create and maintain the Lesotho. The role of the board would be to promote production and consumption of locally produced goods and services as well as increase the recognition of Lesotho goods and services in the international market. International best practice indicates the need to build on the current directive related to building code of government building and must further reserve a proportion of public procurement budget for purchase of locally produced goods and services. Government should also provide tax incentives and reducing transport costs by manufacturing close to sources of raw materials and have discounts in utilities like power bills. It should innovatively provide for preferential treatment for locally manufactured goods and services. These initiatives and many others would encourage production of locally made goods for both domestic and international market.

In the NSDP II, the Governments’ efforts towards creating an enabling business environment through business environment reforms have been acknowledged as an important pre-requisite for unleashing a public and private sector response that leads to economic growth, and ultimately employment and income generation. There is, however, need to adopt a balanced approach to economic liberalization with a view to supporting the production, purchase, supply, and consumption of locally produced goods and services. It is in this respect that policy initiatives geared at stimulating production and consumption in the domestic market can be viewed. When locally produced goods and services are accorded commensurate preferential local market access by the public and private sectors and citizens, synergy created will contribute to building a strong integrated agricultural, industrial and service base that nurture wealth generation in the economy and ultimately increase opportunities for more jobs.

Globally, Governments are becoming increasingly involved in local economic development programs: government-supported programs that seek to increase local jobs or the local tax base by undertaking measures such as providing assistance to individual entrepreneurs, cushioning Small and Medium Enterprises (SMEs) against market failures among others. There is, therefore, need to review the existing legal and regulatory framework such as the Public Procurement and Disposal Act and the Competition Act among others to make them more responsive to these national priorities and aspirations. Increased competition from imported goods and services is a challenge to Lesotho produced goods and services. Locally manufactured goods compete with cheaper products from the emerging economies and developed countries. The increasing trade deficits have

equally weakened national economic growth and thus compromised the domestic industrial base's ability to generate employment opportunities for the youth.

These challenges form an opportunity for the central and local governance policies to rally the entire country behind a noble agenda on Buy Lesotho – Build Lesotho whose hallmark entail promoting competitiveness of domestic products in both the domestic and international markets. Developing a strategy on Buy Lesotho- Build Lesotho is one of the measures whose effective implementation will go a long way in enhancing Lesotho's competitiveness and consumption of locally produced goods and services. The strategy aims at mitigating the impacts of the trade deficits and to inject and create momentum for sustained industrial and commercial growth in Lesotho among other benefits.

## **4.2 Objectives of Buy Lesotho Build the Kingdom Strategy**

### **4.2.1 Overall objective**

The overall objective of Buy Lesotho - Build the Kingdom Strategy is to increase competitiveness and consumption of locally produced goods and services. The Strategy aims to promote and enhance the consumption of Lesotho's own products and services in both absolute figures and as a proportion of the gross domestic product (GDP). Enhanced consumption of locally produced goods and services will contribute to among other things, employment creation, and poverty reduction, promote value addition, stimulate production and product diversification; and encourage growth of local industries. In summary, the Strategy aspires to promote the competitiveness of locally produced goods and services by the public and private sector as well as the citizens. This in turn creates synergy that contributes to building a strong integrated agricultural, industrial and service base that nurture wealth generation in the economy and ultimately increase opportunities for more jobs. Success of the strategy depends on effective participation of all the stakeholders in particular from the public and private sector players, the Civil Society; and the citizens.

### **4.2.2 Specific objectives**

The specific objectives of the Strategy include:

- i) Identifying commodities and services where the country has competitive advantage;
- ii) Enhancing competitiveness and local consumption of locally produced goods and services;
- iii) Enhancing standards and quality assurance;
- iv) Facilitating branding, packaging, innovation and trade;
- v) Facilitating capacity building;



- vi) Enforcing transparency in private and public procurement procedures and strengthening Public Private Partnerships in promotion of the Buy Lesotho Build the Kingdom strategy;
- vii) Developing criteria for determining local content.

#### **4.2.3 Preference and Reservation**

Among other objectives of the Strategy is to enhance the consumption of locally produced goods and services through Government and Private Sector procurement programs by according preferences and reservations. Subsequently, Ministries, Departments and Agencies are required to set and reserve a minimum proportion of their procurement budget for locally produced goods and services. Preferences and reservations treatment to goods and services wholly or partially produced in Lesotho must also prescribed as a requirement by the Public Procurement and Asset Disposal regulations.

#### **4.2.4 Support for local manufacturers**

It is the intent of government to enhance support to local manufacturers and industries to gain the required capacity for increased productivity. Improved productivity of quality products will in turn improve the competitiveness of the country as well as create employment opportunities for Kenyans and revenue for the state.

### **4.3 Buy Lesotho Build the Kingdom: Critical Challenges**

#### **4.3.1 Build effective commodity value chains.**

Commodification of agriculture is a prerequisite to Buy Lesotho Build the Kingdom Strategy. The FAO has made a strategy paper on the development of commodity based value chains. This strategy will be a starting point. This requires a strategy to work with producers with the view to connecting commodity farmers with processors piloting a few commodities to start with. There is need to prioritize entry points for Buy Lesotho Build the Kingdom Strategy. At the production point, it is imperative to train farmers and processors to managing production costs to induce competitiveness. This includes pricing strategy in accordance with production costs and maintaining standards and quality protocols including sanitary measures. The different value chains links must be accredited hence we need an accreditation policy and licensing of suppliers. Accreditation will be critical for buy Lesotho and it goes with food testing facilities probably based on a cooperative model of agricultural intensification.

#### **4.3.2 Towards Celebrating Buy Lesotho Initiative**

This initiative is a journey and process oriented. It is critical to layout strategy and policy working with private sector, farmers and government. To motivate the process, we could start small will organized farmers markets monthly at district and /or regional points. The process must be farmer led from the beginning because farmers have a tendency to governmentalize all initiatives. The broad brush strokes of this initiative are to embrace new technologies in agriculture, farmer markets with centers for every commodity. Farmers must be coordinated to forge sub-contracts in order to secure big and sustainable markets.

## Annexes

### Table of participants

<b>List of participants</b>	<b>Number</b>
Department of Agriculture Research	1
Department of Crops	1
Department of Livestock	1
Department of Range Resource Management	1
Department of Forestry	1
SADP	1
WAMMP	1
APPSA	1
Disaster Management Authority	1
Ministry of Trade	1
Ministry of Small Business Development, Marketing and Cooperatives	2
BEDCO	1
Private Sector Foundation	1
Farm World	1
Med Suppliers	1
Letsatsi Farm Food	1
Lesotho Floor Meals	1
Khathang Tema Baitsooli	2
Meat traders Union	2
Food shops (vegetables and food packers)	2
DPE	1
LCN	1
RSDA	1
Caritas	1
MDA	1
LNDB	1
Monna ka Khomo	1
NUL	3
LENAFU	9