



# Enhancing Trade and Value Chains in Lesotho

## Strengthening Institutions, Small Medium Enterprise, and Regional Value Chains in Agro-Processing and Light Industry

### Lesotho Economic Growth, Job Creation and EPA Implementation Support Programme

#### Background

The “Lesotho Economic Growth, Job Creation and Economic Partnership Agreement (EPA) Implementation Support Programme”, in short Regional Value Chains Lesotho (RVCL+), is a joint action co-financed by the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as part of the BMZ project “Cooperation for Enhancement of SADC Regional Economic Integration (CESARE III)”. The aim of the programme is twofold: to support the implementation of the EU-SADC EPA in Lesotho and to promote regional and international trade through the development of regional value chains in agro-processing and light manufacturing.

#### Context

As a least developed country, Lesotho faces several economic challenges, including high unemployment, low manufacturing and value-added activities, low capacity of the state and private sector to engage in trade opportunities, limited technology and digitisation, among others. Lesotho’s National Strategic Development Plan (NSDP) for 2018-2023 has identified the need to promote

Project name	Lesotho Economic Growth, Job Creation and EPA Implementation Support Programme
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ) and European Union (EU)
Partner Countries	Lesotho and selected SADC Member States
Political Partner	Ministry of Trade, Industry and Business Development (MTIBD)
Volume	6.95 Mio EUR (XY Mio. EU; XY Mio. EUR BMZ)
Duration	October 2023 to September 2026
Implementing Organisation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

inclusive and sustainable economic growth and private sector-led job creation. Following the signing of the EU-SADC EPA in 2016, the Government of Lesotho developed the Lesotho EPA Implementation Plan. The plan identifies the need to support value chain development through the use of international standards, strong marketing strategies and trade promotion.

It also identifies the need for infrastructure and equipment support and training for relevant stakeholders. One of the key objectives of Lesotho's National Trade Strategy 2021-2025 is to diversify exports through the development of value chains in light manufacturing, horticulture, textiles and apparel.

## Approach

The project focuses on three outputs:

- I. Increased capacity of the Ministry of Trade, Industry and Business Development and the private sector to benefit from the EPA and take advantage of trade opportunities.
- II. Capacity building of stakeholders in Lesotho and other selected SADC countries to create an enabling environment for private sector development in selected regional value chains (agro-processing and light manufacturing).
- III. Improved capacity of micro, small and medium enterprises (MSMEs) to manage the selected value chains in the context of the EPA.

**Output 1:** Focuses on the capacity of the Ministry of Trade, Industry and Business Development and relevant government and private stakeholders to benefit from the EPA and its opportunities. Training will cover regulatory aspects of trade, trade promotion, practical aspects of using trade agreements, business linkages, monitoring and evaluation. Awareness raising among academia and non-governmental organisations (NGOs) will also be part of the activities under this output. In particular, the World Trade Organisation Chair at the National University of Lesotho (NUL) could assist in introducing knowledge of the EPA into the university curriculum.

**Output 2:** Capacity development of stakeholders in Lesotho and other selected SADC Member States to support trade in selected regional agro-processing and light manufacturing value chains. This will include the organisation of public-private policy dialogues to articulate interests, remove barriers to investment and ensure the delivery of required services by government ministries and agencies responsible for the development of the selected



Vegetable farmer in Leribe district, Lesotho

value chains. It also includes support for the development of an enabling policy environment for the development of the two selected value chains within Lesotho. Specific capacity development and technical training in the processing of products in the identified value chains will be provided to stakeholders in Lesotho, including relevant Technical and Vocational Education and Training (TVET) institutions in Lesotho. Given the lack of accredited laboratories in Lesotho, Output 2 will also include the establishment of collaboration with one or more laboratories in other SADC countries for the certification of products in the selected value chains.

**Output 3:** Focuses on developing the capacity of Lesotho's MSMEs to export products in two selected value chains to regional, European and potentially third markets, taking advantage of the opportunities presented by the EPA. This will include attracting private investment in the identified value chains and providing technical assistance to local MSMEs operating in the value chains to produce according to international best practices and certification requirements. Specific training will be provided for women and youth. It will also include the development of climate-smart and environmentally sustainable processing approaches to support biodiversity and sustainability, and enhance the image of Lesotho as a clean production location. Activities under this output will also include support for digital services relevant to MSMEs wishing to export. The ultimate long-term goal is to develop clusters of MSMEs that could support each other in technology transfer and possibly share facilities. Supporting MSMEs in accessing finance is also an important aspect of Output 3.

**Published by** Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

**Registered  
offices** Bonn and Eschborn, Germany

**Project** Lesotho Economic Growth, Job Creation and EPA  
Implementation Support  
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**Design/Layout** Meron Estifanos

**Photo credits** Unsplash Visuals and Fabiola Mallach

The programme is co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ).

GIZ is responsible for the content of this publication

**As at** September 2024, Botswana

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