



KINGDOM OF LESOTHO

**Keynote Address by Honourable Thabo Sophonea,
Minister of Finance,
Kingdom of Lesotho**

**The 26th Meeting of the Intergovernmental Committee
of Senior Officials and Experts (ICSOE) of Southern
Africa**

28-29 October 2020

Virtual Meeting

Distinguished participants allow me to pay my respects to:

- **His Majesty King Letsie III and the Head of State**
- **The Right Honourable the Prime Minister and the Head of Government
Dr. Moeketsi Majoro**
- **Honourable President of the Senate**
- **Th Honourable Speaker of the national Assembly**
- **Honourable Deputy Prime Minister**
- **Her Ladyship the Acting Chief Justice**
- **Honourable Ministers of His Majesty's Government**
- **Honourable Minister- Prof. Mthuli Ncube**
- **Mr. Mluleki Dlamini, Chairperson of the 25th Intergovernmental
Committee of Senior Officials and Exports of Southern Africa.**
- **Heads of Delegations**
- **Mr. Sizo Mhlanga, Director, United Nations Economic Commission for
Africa, Sub regional Office for Southern Africa.**
- **Mr. Salvator Niyonzima, United Nations Resident Coordinator in the
Kingdom of Lesotho.**
- **Representatives of Development Partners**
- **Ms. Providence Mavumbi, Director, Industry and Agriculture, Common
Market for Eastern and Southern Africa (COMESA);**
- **Ms. Myranda Lutempo, Senior Policy representing the African Union
Regional Delegate to Southern Africa;**
- **Senior Government Officials.**
- **Chief Executives of all Private Sector Organization and corporate bodies
present here**
- **Representatives of the Institutions of Higher Learning in the Country**
- **Distinguished Delegates and participants**
- **Distinguished members of the Media**

On behalf of the Government of the Kingdom of Lesotho and indeed on my own behalf, I would like to warmly welcome you all to the 26th Meeting of the Intergovernmental Committee of Senior Officials and Experts (ICSOE) of Southern Africa, organized under the theme “*Policies and strategies towards effective private sector led growth and job creation in Southern Africa.*” Please accept the warm and hearty greetings from His Majesty King Letsie III, and people of the Kingdom of Lesotho. **Had it not been of the ravaging pandemic, we would have welcomed and hosted you physically here in the Mountain Kingdom to enjoy the warm hospitality of Basotho.** It is indeed an honour and pleasure for the Government of the Kingdom of Lesotho to host and co-organize this important meeting with the Southern Africa Office of the Economic Commission for Africa.

Distinguished Colleagues and Delegates,

You will all agree with me that the ICSOE session is being held under very peculiar conditions precipitated by the COVID-19 pandemic which has wreaked havoc across the world since being declared a pandemic in November 2019. In addition to the associated health challenges, our economies continue to be devastated by the direct and indirect impact of the pandemic. This has further deepened the challenges carried forward from fiscal year 2019/2020 including the adverse impact of the unsettled global trading environment induced by the USA-China trade tensions, the slowing growth in the economies of our key trading partners, including

South Africa, and the adverse climate conditions that have left our agricultural sector reeling. Real growth in GDP in Lesotho had been subdued during the three years prior to the pandemic with the economy contracting by 2.5 percent and 2.6 percent in 2017/2018 and 2018/2019 respectively, while 2019/2020 preliminary estimates projects a further contraction of 3.2 %. Nevertheless, the Government continues to persevere in striving to meet the basic needs of our citizens in the face of the drought and joblessness as well as the increasing numbers of laid off Basotho returning from South Africa. Hence, the Government has increased spending on social protection programmes.

The Country's key economic sectors have been undermined severely with agriculture expected to contract by 5.2 % in 2020/2021. This poses a serious threat to food security and livelihoods in the country. Industry and services are projected to contract by an estimated 36.9 and 4.4 %, respectively. Furthermore, the disruption of supply chains in South Africa and the consequent decline in global demand for manufacturing (textiles) and diamond exports will further dent Lesotho's export earnings during the coming year. Trade is particularly important for Lesotho with intra SADC exports accounting for 27.8 % of total exports of goods in 2018/2019 and 71.3 % of total imports of goods during the same period. Thus, any disruption to trade routes chokes our economy from many fronts and magnifies our challenges.

Distinguished Colleagues and Delegates,

Currently the Southern African Customs Union (SACU) receipts remain the major contributor of our government revenues and they are very volatile, thus pose serious budgetary pressures through a mismatch between revenues and expenditures. Invariably the rising expenditure has led to increase in public debt and accumulation of domestic arrears and further pushed the country into moderate debt distress. We are committed to ensure that the foreign reserves remain adequate to meet our Balance of Payments needs. To this effect, the IMF has approved US\$49.1 million as the emergency support under the Rapid Credit Facility and the Rapid Financing Instrument effected in July. Although our current focus is to respond to the pandemic through emergency health and economic mitigation measures, we are aware that fiscal consolidation and structural reforms are required to restore external balance, preserve debt sustainability, and stimulate inclusive growth over the medium-term.

Distinguished Colleagues and Delegates,

Lesotho's progress towards Sustainable Development Goals (SDG) targets have been **adversely** affected by the Pandemic. The Government of Lesotho sees the private sector, especially our micro, small and medium enterprises playing a key role in the recovery process towards attainment of International agreed goals- SDGs.

Consistent with the theme of this year, we have over the years put the private sector at the centre of our economic development programmes and strategies in the National Strategic Development Plan (NSDP). The theme is also consistent with the global and regional development frameworks which include the UN Sustainable Development Goals (SDGs), African Union Agenda 2063, SADC Regional Indicative Strategic Development Plan (RISDP) 2020-2030 and the SADC Vision 2050. The government of Lesotho will continue to grow the private sector as an anchor to socio-economic development and is a good strategic partner for economic recovery from the adverse impacts of COVID 19 pandemic. This is the final year of implementation of the Istanbul Programme of Action (IPOA) 2011-2020 for Least Developed Countries (LDC's) and we hope that LDC's within our regional have made good progress towards addressing the economic, social and human development challenges addressed by the programme.

Distinguished colleagues and delegates,

Four months ago, Lesotho commemorated the United Nations Micro, Small and Medium Sized Enterprises (MSMEs) Day under the theme “Covid-19: The Great Lockdown and its impact on Small Business.” In our case, private sector-led manufacturing contribution to GDP has consistently being around 16 % against a regional average of 10 % in

2019. In this regard, the commodity value chains, both in textiles and diamonds have to create opportunities for our MSMEs, through backward, sideways and forward linkages. Our National Strategic Development Plan (NSDP II) envisages a new growth model focused on creating private sector jobs and eradicating extreme poverty through shifting to a private sector/export-led growth model, hence our continued push for the accelerated growth of private enterprises.

Furthermore, the strengthening integration momentum through the African Continental Free Trade Area (AfCFTA) gives further impetus to our resolve to trade in value-added goods through a growing manufacturing sector, and we intend to exploit fully the opportunities offered by the AfCFTA by boosting the competitiveness of our private sector in both the goods and services sectors to diversify products and capture the larger continental markets. As you are aware, the AfCFTA offers more opportunities for our private sector by opening up larger markets with limited barriers to trade. We thus see the private sector, especially our MSMEs as holding promise for Basotho men and women to raise incomes and the standards of living as well as accelerate progress towards our developmental aspirations. **We strongly believe that the outcomes of this conference will go a long way in sharpening our economic recovery strategies in different countries through *effective private sector led growth and job creation.***

Distinguished Delegates and Colleagues,

As I conclude, I wish to thank the Secretariat for the opportunity to host this important annual event. Let me also express our gratitude to the ECA and the rest of the United Nations family for concretely supporting our development endeavors over the years. I want to specifically refer to the invaluable technical support towards the development of the Mines and Minerals Policy, a document which places emphasis on the developmental role of the sector in line with the continental aspirations on the sector as expressed in the Africa Mining Vision. We also appreciate the ongoing support from the United Nations family, the World Bank and the African Development Bank in analytical work on the impacts of COVID-19 and on recovery strategies towards building back, better and faster.

Distinguished colleagues and delegates,

With these remarks, **I wish to declare the 26th Meeting of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa open** and look forward to your recommendations in boosting the private sector to anchor regional development.

Khotso, Pula, Nala

I thank you.