



**STATEMENT BY THE RT HON THE PRIME MINISTER AT THE OCCASION OF
SIGNING THE SECOND MCA COMPACT FOR LESOTHO**

**ON THE 12TH MAY, 2022
MANTHABISENG CONVENTION CENTER, MASERU.**

[Salutations]

I would like to welcome Ms Albright, the Chief Executive Officer of the Millennium Challenge Corporation and her team to the Mountain Kingdom. Today we meet at the very important occasion to conclude an 8-year journey of scoping solutions and negotiating and signing the second MCA compact for Lesotho. Today also marks the start of the next 5-6 years of compact implementation and reform. With aggressive execution of the compact, between 80 000 and 90 000 jobs will be created.

Lesotho's first MCA compact positively impacted Lesotho by eliminating binding constraints to growing the economy. It sought to achieve this critical goal by addressing:

(1) Health as a constraint to economic growth and investment (including by upgrading 138 health centres and 14 hospitals, installing 30,000 improved pit latrines across the country, and delivering portable water to 95,000 households in the surroundings of the Maseru district);

(2) Removing obstacles to business investment (including providing and stabilising water supply to industry and adopting several investment

climate reforms and complementary social equity legislations). Today, I am proud to pronounce that bank lending jumped from about 15 percent of deposits before Compact I to nearly 70 percent of deposits, and thus improving access to credit by both genders. The textile industry stabilised and remained invested in Maseru for the last 10 years. As a result of the several investment reforms, banks in Lesotho treat women and men alike in their lending decisions and banks have better information about borrowers' credit histories and can thus lend with reduced risks. Lesotho's first stock market listing has now taken place after many years of hesitancy.

Ms Albright, Lesotho has undertaken several equality of rights reforms and has codified these in legislation. The Legal Capacity of Married Persons Act was passed in 2006 during the tenure of the first compact to equalise the rights and privileges of both genders in lending and borrowing decisions. Lessons learned from its implementation demonstrated that as a country we needed to augment that legislation with additional amendments to continue in our path to protect women in our society. I am excited to announce today that the lower House of parliament has passed with overwhelming, and across-the-isle support for the Counter-Domestic Crime Bill and the Laws if Lerotholi Amendment Bill. In addition, Lesotho

is making headway in dealing with trafficking in persons as well as terrorism and its financing. In this respect, I would like to convey through you to President Biden and the people of the United States that through the instrumentation of the compacts, Lesotho today is a much more equal society. More still needs to be done though.

To our people who have waited patiently since 2013, the compact we signed today comprises of three carefully selected interventions aimed to rapidly increase investment, economic growth and employment in our country and to improve the delivery of health services to Basotho. The anchor intervention under this project—Business Environment and Technical Assistance—entails feasibility studies, technical assistance, catalytic capital, incubator and accelerators, and business advisory services coupled with business dialogues, market creations and developments, value chain services and innovative business funding processes. Many small, medium and large businesses including women and youth will be formed or expanded under this intervention. Complementing this nationwide initiative will be a focus on irrigated agro-industry covering 2,000 hectares in **Tsoili-tsoili, Manka, Likhakeng** and **Phamong**. The Government of Lesotho will mobilise additional funding to increase the area covered from 2,000 hectares to 10,000 hectares during

the life of the compact. Finally, the health initiatives under Compact I will be augmented by a focused digitisation of the entire health system for better health tracking and service.

In conclusion, I would like to thank you Ms Albright, your dedicated MCC team, the Board of the MCC, and the government and the people of the United States for the second compact made available to Lesotho and our people. I would like to thank Minister Sophonea for providing leadership all the way to this point, all members of the cabinet Investment Committee and many Basotho at large for providing advice to the compact development process, Mr Chalitse and equally dedicated team for overseeing development of the compact for the last 8 years. The two teams have proposed what I consider a very innovative and development-focused compact. To our people for their patience, and in this respect, I would like to remind every Mosotho that this compact belongs to each one of you and you have a responsibility to protect it.

I Thank you for your attention.

