



International  
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## Decent Work Country Programme

# Lesotho

DECENT  
WORK  
COUNTRY  
PROGRAMME

**LESOTHO**



**DECENT WORK COUNTRY PROGRAMME**

**2006 to 2009**

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## GLOSSARY

AGOA	African Growth Opportunity Act
ALE	Association of Lesotho Employers
BCC	Behaviour Change Communication
BDS	Business Development Service
BOS	Bureau of Statistics
CBL	Central Bank of Lesotho
CNA	Compliance Needs Assessment
COLETU	Congress of Lesotho Trade Unions
DDPS	Directorate of Dispute Prevention and Settlement
DRR	Department of Rural Roads
EU	European Union
FAWU	Factory Workers Unions
GOL	Government of Lesotho
GOSS	General Organization for Social Security
LECAWU	Lesotho Clothing and Allied Workers Union
LECODU	Lesotho Congress of Democratic Unions
LNDC	Lesotho National Development Corporation
LTEA	Lesotho Textile Exporters' Association
LTUC	Lesotho Trade Union Congress
MDG	Millennium Development Goals
MEL	Ministry of Employment and Labour
MFA	Multi Fibre Agreement
MGYS&R	Ministry of Gender, Youth, Sports and Recreation
MoE	Ministry of Education
MTICM	Ministry of Trade and Industry; Cooperatives and Marketing
NAC	National AIDS Commission
NACOSH	National Committee on Occupational Safety and Health
PRS	Poverty Reduction Strategy
PSIRP	Public Sector Improvement Reform Programme
PSD	Private Sector Development
RSA	Republic of South Africa
SACU	Southern Africa Customs Union
SMM	Strategic Management Module
TVET	Technical and Vocational Education and Training
UNICEF	United Nations Children's Fund
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
WEDGE	Women Entrepreneurship Development and Gender Equality

## **1. INTRODUCTION**

The Decent Work Country Programme (DWCP) articulates what ILO constituents and other stakeholders agree constitutes the ILO's contribution to the attainment of Lesotho's national development priorities within the medium term period of 2006 to 2009. It is the strategic results-based framework, within which the Government of Lesotho, employers' and workers' organizations consent to work in partnership with the ILO and other development partners towards achieving the desired goal of decent work in Lesotho.

The ILO DWCP is based on problem analysis leading towards identification of priority areas of co-operation between ILO, its social partners and other international development partners within the national development policy framework of a country. Thus, the ILO DWCP for Lesotho expresses the best possible intersection between the country's characteristics and policies, constituent priorities and ILO's mandate and strategic objectives. This Document therefore, sets out priorities and desired outcomes that will form the basis for ILO work programmes and technical cooperation interventions for Lesotho. The country programme constitutes ILO's contribution to the United Nations Development Assistance Framework for Lesotho.

The DWCP also provides the Office with a coherent mechanism to support the country's efforts to implement the Plan of Action arising from the Extraordinary Summit on Employment and Poverty Alleviation in Africa held in September 2004.

## **2. COUNTRY CONTEXT**

### **2.1 Political and socio-economic scenario**

Lesotho held its first elections in 1965 and became an independent constitutional monarchy in 1966, after almost 100 years of being a British protectorate. Given its historical and geographical position, the situation of Lesotho is very special in relation to its sole powerful neighbour –South Africa. The stance of Lesotho against apartheid for example had ramifications including political and economic destabilization by the then apartheid regime. The major challenge for the people of Lesotho in the post-apartheid era is to inter alia, stabilize the political situation that has been characterized by a fragmented political party base.

The Local Government Act of 1997 confers the responsibility for local development on the communities. For the very first time, multi-party local government elections into local assemblies were conducted in April 2005. An attempt made to promote the participation of women in governance is reflected in the reservation of every third constituency for women.

Lesotho, a country of 2.2 million people and per capita income of US\$550 is a landlocked economy that is completely surrounded by South Africa. According to the 2001 demographic survey undertaken by UNFPA, the economic activity rate of Basotho population was relatively low: men at 42 per cent and women at 21 per cent. Female labour force participation rate was 45.4 per cent and 20.5 per cent respectively in urban and rural areas, while figures for male labour force participation rate stood at 47.4 and 41.0 per cent. Furthermore, the unemployment rate was high: adjusted unemployment rate for female labour force was at 42.7 per cent and 30.9 per cent for the male,

indicating a more serious unemployment situation for women, particularly among the young female labour force of age group of 15-29 years<sup>1</sup>. These statistics from the 2001 demographic survey, however, are already out of date and there are no data available on the current labour market situation in Lesotho, particularly in 2004-05. Reliable figures on poverty are from the 1994/95 Household Budget Survey which indicates that about two-thirds of the population live below the national poverty line and more than one-third are classified as ultra-poor (living below half the poverty line).<sup>2</sup> Statistics from a 2002/03 survey on the poverty levels is not available due to data processing and reporting capacity constraints. Though the National Census was undertaken in April 2006 and the Labour Force Survey is proposed for 2007/2008, there is a critical need to undertake more regular labour force surveys and establish a full labour market information system to enable the country to formulate, implement, monitor and evaluate appropriate employment policies and programmes.

The economy is mainly agrarian with 70% of Basotho living in rural/ mountainous areas and engaged in subsistence agriculture. The country is at a cross road of economic development, currently facing major employment challenges created by the fast changing macro-economic environment under globalization. The 2004 annual GDP growth rate was 3.3 per cent and the textile and garment sector has been not only the major export sector, but the largest employer of labour.

Since the end of the quota system under the Multi-Fibre Agreement (MFA) at the end of December 2004, some foreign owned companies have closed down their factories, and the country has seen massive retrenchments estimated at some 16,000 workers, most of them women, in the textile and garment sector. The sector has been the leading manufacturing sector in the country's industrialization process since the early nineties, creating about 60,000 jobs at its peak. While their quota is still assured under US AGOA (African Growth Opportunity Act), and its expiration has been extended to 2007, the sector will need not only to increase productivity and competitiveness, but also diversify its product lines and deepen the manufacturing base to create more backward linkages. The government will be implementing a comprehensive private sector development strategy with a multifaceted approach. However, thus far alternative employment opportunities for the largely female retrenched workers have not been seen on the horizon. Neither does the country know exactly how they have been coping with the situation to-date.

The country also continues to experience the impact of the migration policy change in South Africa with respect to hiring of male Basotho workers in its mining sector, which had been a long standing tradition and the source of employment for male Basotho workers for about 100 years. In 2003, the total number of these male miners in South Africa stood at over 61,400 with total estimated remittances of US\$5 million<sup>3</sup>. This policy change was introduced in the mid-nineties, in order to give priority employment opportunities to South Africans. While these male workers have small severance compensation at retrenchment and the older workers, who have fulfilled the statutory working years, have been provided with old age pensions, mechanisms for re-integrating those retrenched workers seem rather limited. Hence, there are important issues concerning the overall socio-economic impact of macroeconomic change on those

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<sup>1</sup> Lesotho Demographic Survey, 2001, UNFPA

<sup>2</sup> Poverty Reduction Strategy: Poverty line is M146 per person per month based on the 1986/87 Household Budget Survey measured in 2002 prices.

<sup>3</sup> Country Report Lesotho, Economic Intelligence Unit, October, 2004, London, U.K.

retrenched workers and their households, as well as their need for support for not only increasing their employability, but also for increasing access to alternative employment and income opportunities, including self-employment.

Lesotho is amongst the countries with the highest HIV prevalence rates in the sub region. Nearly a third of the adult population of Lesotho is infected. As in other Southern African countries, the pandemic has reached catastrophic proportions, affecting individuals, families and communities, enterprises and productivity, public service, and the nation's entire development agenda. Lesotho therefore faces a major crisis made worse by the deep-rooted poverty and chronic food insecurity. The unfolding crisis is a major challenge towards the achievement of the Millennium Development Goals. According to the UNDP, "HIV/AIDS is now recognized as the greatest development challenge facing Lesotho. Consequently, HIV/AIDS will also be the key strategic area for all UN agencies working in the country. The focus of UNDP in this area will, first and foremost, ensure that all interventions core-stream actions against the pandemic."

## **2.2 Policy environment**

The Government launched its 20 year national development agenda: Vision 2020 in June 2004. This constitutes the framework within which the country's short to medium term plans are developed and implemented. Its major thrust is that:

By 2020, Lesotho shall be a stable democracy, noted and prosperous nation at peace with itself and its neighbours. It shall have a healthy and well developed human resource base. Its economy will be strong, its environment well managed and the foundation for its technological advancement well established.

The two major development frameworks approved by the Government to realise the vision are the Poverty Reduction Strategy (PRS) and the Public Sector Improvement and Reform Programme (PSIRP). The PRS, which was submitted by the Government in March 2005, was finally approved by the IMF and World Bank in September, 2005. The key reforms in the public sector that will foster an enabling environment for the implementation of the Vision 2020 and the PRS have been articulated in the PSIRP. The main components for the first phase are: improvement of financial management and accountability, improving service delivery through decentralisation and improving public service management.

The PRS identified eight priority areas and two cross-cutting themes to address the country's socio-economic challenges. It is note worthy that employment creation and income generation is the first priority of the PRS and the others are: improvement in agricultural production and food security; infrastructure development; deepening democracy, governance, safety and security; improving access to health and social welfare; improving quality and access to education; management and conservation of the environment; improving public service delivery. There is a consistent understanding in the Strategy that "the creation of employment remains the best means of addressing poverty and creating the overall conditions for sustained economic growth and the further reduction of poverty." The cross-cutting issues are outlined as combating HIV/AIDS as well as addressing issues relating to gender, youth, and children.

The major areas identified in the PRS as strategic for enhancing for employment creation include:

- (i) a significant transformation of the country's economic base;
- (ii) need for greater competition in the textile sector;
- (iii) support for local businesses and Small, Medium and Micro Enterprises (SMMEs) to make an enormous contribution to economic development and poverty reduction;
- (iv) enhanced ability to provide basic infrastructure;
- (v) improvement in labour productivity;
- (vi) improvement in labour stability;
- (vii) need to establish a comprehensive social security system; and
- (viii) promote the optimal use of Lesotho's natural resources.

These identified areas provide a good platform for a multi sectoral, inter ministerial and inter agency collaboration to promote decent work in Lesotho as a core focus of national development.

### **2.3 International Labour Standards**

The country has ratified 23 international labour conventions, including all the eight fundamental human rights instruments of the ILO. In addition to core conventions, Lesotho is a signatory to the following Conventions which enable social dialogue to take place: Freedom of Association and Protection of the Right to Organise Convention, 1947 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Workers' Representatives Convention, 1971 (No. 135); Tripartite Consultation Convention, 1976 (No. 144); and Labour Administration Convention, 1978 (No. 150). The ILO has over the years provided support to the constituents to make the legislative/policy framework and practices consistent with these ratified instruments.

The consistent concern has been the lack of a skilled leadership core in the unions and federations that is able to organize workers effectively; participate effectively in statutory bodies; and add value to tripartite bodies. Another problem which has been brought to the attention of the ILO is the fact that public sector workers cannot form and join trade unions. They can only be members of staff associations with limited rights. Furthermore the transformational challenges posed by the need to diversify the Lesotho economy calls for a trade union leadership that is able to engage effectively in all these other macro and micro level social dialogue processes.

### **2.4 Social Partners**

#### **(a) Association of Lesotho Employers (ALE)**

The ALE, established in 1996, is the intersectoral umbrella association of employers in the organised private sector of Lesotho. ALE's function is to provide a platform for private sector employers to interact with the government, labour and other relevant institutions in Lesotho for the purpose of promoting industrial harmony, which is an essential factor in the creation of an enabling environment for national development. The association engages in tripartite and bilateral consultation on development policies and programmes. It also provides management development training to its members. One of the significant challenges facing ALE is building the needed capacity and strategy to enable it to attract and provide services to the largely indigenous small and medium sized enterprises.

The ALE staff, supported by managers from member companies, is also under constant and unremitting pressure to effectively service the multi-faceted needs of their members as well as to participate effectively in statutory bodies related to social and labour policy matters. Despite current pressures, the association wants to see more effective participation by business and workers' organisations in macro-policy dialogue processes in order to contribute to the country's development priorities.

In order to enhance the quality of data available for policy formulation and monitoring, the ALE desires a more effective collaboration between the Bureau of Statistics (BOS), the National Employment Services unit of the Ministry of Employment and Labour (MEL) and the Central Bank of Lesotho (CBL).

A key internal area of focus for the association is the implementation of an organizational review and strategic planning process for the Association in 2005/06, as a foundation for a more dynamic and effective organization in the 2006/09 period. In order to enhance a more effective representation of the interest of business in Lesotho, ALE seeks to establish dynamic linkages with other sectoral business organizations such as the Lesotho Textile Exporters Association (LTEA) in areas of mutual interest as well as to leverage benefits from other sub-regional and global economic networks.

#### **(b) The Organized Labour Federations**

The trade union movement in Lesotho is fragmented and subsequently not quite as effective as required to significantly influence national labour market decisions. Though it is generally acknowledged that there are three trade union centres in the country, namely Congress of Lesotho Trade Union (COLETU), Lesotho Congress of Democratic Unions (LECODU) and Lesotho Trade Union Congress (LTUC), the Labour Commissioners' assessment of trade unions shows that the LTUC has a very weak membership base. It is also important to note that some of these labour centres, as well as some of their affiliates, are members of the Lesotho Council of NGOs.

A major challenge facing the labour movement remains the capacity to strategically and effectively mobilize and represent the interest of the work force and participate in broader national development processes. The inability to retain trained officials and leaders within these under-resourced unions /federations as well as lack of organizational capabilities are some of the major internal organizational challenges. Hence the consistent concern by the MEL and ALE about the lack of a skilled leadership core in the unions and federations that is able to organize workers effectively on a sectoral basis; participate effectively and add value to the tripartite statutory bodies and committees of the various projects.

### **3. ASSESSMENT OF ILO TECHNICAL SUPPORT ACTIVITIES 1995 – 2005**

#### **3.1 Inventory of Key ILO Support**

The ILO has provided technical support to the Government of Lesotho and other partners in the following areas:

- (i) Project on strengthening the factory inspectorate system with focus on the role of the Occupational Safety and Health (OSH) unit from 1994 to 1997.

- This was funded by the UNDP with a focus on training staff to improve labour administration and factory inspections;
- (ii) The UNDP also funded a project sub-component to strengthen national employment services through an employment policy formulation and labour market analysis sub-component;
  - (iii) Project on the promotion of SMEs with Ministry of Trade and Industry was implemented from 1994 to 1997 and funded by the UNDP. This project focused on national SME policy and strategy formulation.
  - (iv) The project on the Promotion of Vocational Education and Training was funded by the UNDP and implemented with the Technical and Vocational Division of the Ministry of Education (MoE) from 1995 to 1997. The aim of this project was to strengthen national vocational training policies and institutions.
  - (v) The two ILO Projects on Support to Labour Intensive Public Works and on Entrepreneurship Development for Labour based Road Maintenance (1992/96) were implemented with the Ministry of Public Works and Transport. These projects have ultimately laid foundations for the establishment of a new Department of Rural Roads-(DRR) which together with the GOL Road Fund and Donor Agencies outsource the maintenance of the rural roads infrastructure to Local-Basotho Private Sector Road Contractors for road construction and maintenance
  - (vi) Project on promoting labour peace in Southern Africa from 1999 to 2003 which focused on building national capacity for dispute prevention and resolution through capacity building and institution development. This national component of a sub-regional project was funded by the Swiss Government
  - (vii) Project on strengthening labour administration capacities from 2000 to 2002 was later incorporated into a successor project to strengthen labour systems in Southern Africa from 2003 to 2008. This United States / Department of Labour (US/DOL) funded project builds on the work done by the ILO/Swiss project on labour peace, by promoting knowledge of fundamental labour standards as well as the revision of national legislation. Collective bargaining, negotiation skills and capacity building workshops are being organized for social partners with particular focus on trade union officials and leaders. The project also aims to enhance the capacity of the ALE to enable it to service its membership better. A major undertaking which is of interest to all the Social partners is the commitment to review, update and reform the Labour Code and other labour laws.
  - (viii) Project on HIV&AIDS prevention in the workplace is a national component of a multi country programme which seeks to build the capacity of ILO constituents to design and implement HIV/AIDS workplace policies and programmes. Implementation of the project, funded by the US/DOL, started in 2005.
  - (ix) The sub-regional project to support the elimination of the worst forms of child labour is being implemented in Lesotho. The US/DOL funded project focuses on building the capacity of the constituents to develop and implement appropriate child labour policies and programmes based on credible information on the scope and magnitude of the problem in the country.

- (x) There have been adhoc training interventions with the social partners which have not been situated within the framework of a longer term support for sustainable results.

### **3.2 Results of Previous ILO Support**

- (i) Institutionalization and upgrading of the OSH unit up to the level of a Directorate within the new Ministry of Employment and Labour Structure;
- (ii) Establishment of an active Tripartite OSH Committee – National Committee on Occupational Safety and Health (NACOSH) which has also recommended the ratification of ILO OSH Conventions;
- (iii) Enforcement of standards through OSH awareness campaigns and legal regulations on noise, spray painting, welding and cutting, construction safety, qualifications of safety and health officers and chemicals safety.
- (iv) The National Employment Service Directorate is a direct outcome of the ILO/UNDP project referred to above. This Directorate has led the national process leading to the formulation of a national employment policy.
- (v) The major achievement of SME project was to facilitate the development of a SME Policy and Strategy which was ultimately incorporated into the white paper “on the development and promotion of small business” developed by Trade and Industry in November 2002. Some of the major recommendations of this white paper form part of the current investment climate and business promotion reforms that were prioritized for implementation as part of the private sector development (PSD) strategy by the GoL and the Millennium Challenge Corporation (MCC) funded PSD capacity building component of this compact in 2005/09
- (vi) The major achievement of the vocational training project was to capacitate the TVD to become the focal point for technical and vocational education and training-TVET policy formulation, planning and administration. Over time, this laid foundations for a subsequent World Bank/MoE Project to support the development of a new TVET policy and institutional framework and National Skills Strategy.
- (vii) The establishment and operationalisation of the Directorate of Dispute Prevention and Settlement (DDPS) is a major achievement of the ILO/SWISS Project in the period 1999/2001. This is now a well functioning and legitimate institution whose role is highly appreciated by the Social Partners as well as the clients that are serviced by the DDPS. This well functioning institution is a successful outcome of the ILO/SWISS Project on Promoting Labour Peace in Southern Africa in the period 1999/2001. Ever since its establishment through a well structured and consultative process which involved all the ILO Constituents, this institution has played a very positive role as an alternative dispute resolution (ADR) agency. Its role is highly commended by all the ILO Constituents and clients in Lesotho
- (viii) A draft legal framework on HIV & AIDS and Employment was finalized in 2004 for consideration by Parliament in 2005.
- (ix) The MEL’s Labour Commission/Directorate programmes of labour inspection have been enhanced with commitment to the implementation of an effective, integrated and expanded inspectorate system as a major priority. The Commissioner is advocating for an effective inspection policy through a draft inspection policy that is being prepared.

The overall assessment of these past and current ILO technical support interventions is that; on the whole, the areas of intervention by the ILO have been very relevant in addressing the country's development priorities whether they were identified together with the GoL/MEL and other Social Partners or in some instances by ILO's technical staff and external consultants. It is important to note the concerns of the ALE about some of the adhoc ILO support which seem to be more supply driven by ILO technical staff rather than responding to local demands and imperatives. This supply driven approach usually undermines the achievement of country ownership as well as aid effectiveness and the overall coherence of interventions. The most successful projects have been those anchored on the key needs identified by the national stakeholders.

The other major determinant of success and sustainability has been the uptake, commitment, responsiveness and quality of local ILO Partners/Counterparts on the Lesotho side. This has also usually determined the prospects for achieving tangible and sustainable impacts as well as country ownership.

Given the above, the quality of outcomes/development results is also determined by the quality of the ILO's technical support personnel, their level of commitment in fully carrying out project goals and their implementation modalities with local Social Partners, particularly in terms of enhancing the skills and competences of local counterparts.

#### **4. DECENT WORK COUNTRY PRIORITIES AND OUTCOMES**

Within the context of a coherent United Nations support to complement the national efforts to achieve the national development goals summarized above, and anchored on the ILO mandate to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity, Lesotho was chosen for the very first comprehensive DWCP in the SACU region. The choice of Lesotho is premised on the commitment shown by the ILO partners in the country, its unique status as a PRS country, the on-going national socio-economic challenges as well as other on-going United Nations Country Team (UNCT) initiatives. It is also useful to know that Lesotho is one of the countries being seriously considered for the pilot 'One UN' programme. More importantly, there is a strong consensus amongst development partners in Lesotho that *employment creation* is the country's highest priority.

This country programme was developed based on a very consultative and inclusive three - phased process as shown below:

##### **(a) Country Situational Analysis**

A national consultant was engaged to prepare a country situational analysis as the initial step in identifying the key development challenges. The scoping report prepared (available on request) covered the following:

- i. An assessment of previous development support to the country;
- iii. A description of the current National Situation and Priorities;
- iiii. An outline of a framework for an ILO response;
- iv. An outline of possible Complimentary Partnerships

This report provided the background information for the ILO and constituents to identify the key national priorities and medium term outcomes for ILO focus. These areas fall within ILO's areas of competence, comparative advantage, build on past successes and contribute to the overall national development agenda of promoting *employment - enhancing and poverty - reducing economic growth*.

## **(b) Follow-up Missions**

In September 2005, a team of ILO officials held further consultations with its constituents and other critical stakeholders to identify country programme priorities as well as to validate the findings of the country situation analysis as outlined in the draft scoping report. Another complementary mission was undertaken to further unpack some of the issues pertaining to the impact of macro-economic change on employment and needs of retrenched workers in Lesotho with specific gender perspectives. Based on these missions, the priority areas of ILO focus were identified as: 'increased employment creation for poverty alleviation' and 'improved social security coverage and effectiveness'. These constitute two important areas of development focus and are very well articulated in the PRS. Based on the priorities, six outcomes focusing on the textile sector, small and medium enterprise, youth employment, HIV/AIDS in the world of work, social security and social dialogue were identified. Further information on these outcomes is presented in section 4 below. (These reports are available on request)

## **(c) Validation Workshop**

The DWCP workshop held on 15<sup>th</sup> and 16<sup>th</sup> February 2006 validated the identified Country Priorities and expected Outcomes as well as reviewed the proposed programme/project interventions for achieving these defined Outcomes.

## **(d) COUNTRY PRIORITIES AND OUTCOMES**

Based on the scoping assessment, follow-up ILO missions and the conclusions of the national validation workshop the agreed priorities and outcomes are listed below.

### **The two Priorities are:**

- Increased employment creation for poverty alleviation
- improved social security coverage and effectiveness

### **And the six Country Outcomes are:**

- Improved competitiveness, productivity and conditions of work (including support for displaced workers) in the textile/garment sector)
- Social security coverage extended
- Increased number of firms in the micro and small enterprise (MSE) are profitable with decent conditions of work
- HIV/AIDS prevalence reduced and its impact at the work place mitigated
- Decent and sustainable jobs created for unemployed and underemployed youth in both rural and urban areas
- National policies formulated and implemented with active participation of social partners.

Details concerning each Outcome are indicated below. Summary Project Outlines (SPROUTs) have been developed to enable us comprehensively achieve these Outcomes. (Copies of SPROUTs are available on request.)

#### **4.1 Textile industry post MFA Environment**

The reduced competitiveness of apparel production in the international market since December 2004 has significant implications for national efforts to benefit from the expected gains of a globalised textile sector. This is worsened for Lesotho by the drastically reduced alternative employment opportunities especially in the mining sector in South Africa since the mid-90s.

Currently, the most substantial part of the private sector in the Lesotho economy is textiles. In the past, the privileged access to the US market under the African Growth and Opportunity Act (AGOA) and the quota system under the Multi Fibre Agreement (MFA) assisted the textiles sector in Lesotho to grow rapidly. At its peak the textiles sector employed about 60,000 workers (largely females). As indicated earlier, the expiration of the MFA on 1 January 2005 has had a dramatic effect on the Lesotho textiles sector. The competitiveness of Mainland China as a location for garment manufacturing has emerged as a key threat to the future of the industry globally. Since the lapse of the MFA, it is reported that the textiles sector in Lesotho has lost as many as 15 000 workers and three factories have closed due to competitiveness and productivity problems. The strong value of the Rand (to which the Maluti is pegged) is also cited as an important factor adversely affecting the competitiveness in the already strained global market. Thus, the future of the textiles sector is certainly very much at risk in Lesotho, thereby threatening a substantial part of the private sector as well as the livelihoods of many Basotho employed in this sector.

The country has been dependent on mono-industry and export to-date in its development and industrialization process, and there is a need to diversify the production and services into much wider industrial branches (productions), and branches of economy, taking into account the overall market access abroad under AGOA and beyond. Therefore, there is a need to examine market feasibility of various production and service lines in which there can be human and capital investments to be made towards growth beyond the textile and garment sector, including diversification of product lines in the sector. This will help build the capacities of the responsible government ministries and departments like the MTICM, MEL and Lesotho National Development Corporation (LNDC).

Relatively low skills of workers and the workers' need to be multi-skilled, and the overall base level of education have to be much improved. Accordingly, there is a critical need to ensure that the education system and skills development respond to current and future needs of the economy.

There is also the need for a body for policy coordination on socio-economic policies, in particular, for formulating, implementing, monitoring and evaluating employment policy. There should be a tripartite advisory body on employment promotion anchored to promote inter-ministerial collaboration. In this regard, it is useful to note that the Government has established an inter-ministerial/multi stakeholder task team under the leadership of the Minister of Trade and Industry to address the challenges of the sector.

***OUTCOME:  
IMPROVED COMPETITIVENESS, PRODUCTIVITY AND CONDITIONS  
OF WORK (INCLUDING SUPPORT FOR DISPLACED WORKERS) IN THE  
TEXTILE/GARMENT SECTOR)***

**Strategy:**

This outcome has three integrated elements. The first element focuses on increasing labour productivity through training. Support will be provided to enhance the capacities of selected organizations (i.e., a cluster of factories as well as key employers' and workers' organizations) to deliver training and advisory services for productivity and competitiveness upgrading through the improvement in labour-management and workplace practices. Drawing from international practices in skills development for competitiveness, including the ILO/Swiss Project for Enterprise Competitiveness Development in South Africa based in Newcastle, the focus will be on skills that enhance competitiveness within Lesotho's textile and apparel industry.

Special attention will be given to the training of supervisors and middle management staff in order to develop new staff capabilities that improve production levels and quality, while reducing time lost through absenteeism and production faults. It is recognised that there is a deficit in skills in many textile and apparel factories, particularly at the supervisor, middle management and human resource management levels. Improving the skills within this level of the industry workforce will improve the capacity of these firms to train, supervise and manage their own staff, leading to overall improvements in productivity and competitiveness.

The second element focuses on improving workplace policies and practices. Using ILO tools and experience, a range of practical resources will be produced for firm managers and supervisors on labour relations and workplace improvement. Attention will be given to improving social dialogue within participating firms (i.e., on the factory floor) and to developing a better workplace that leads to more decent and productive work practices.

While the first element focuses on general skills development across the industry, this element deals with innovations and skills development at the firm level. Special attention is given to testing new initiatives in social dialogue, workplace management and factory improvement. Lessons learned at the firm level will be shared across other participating firms and, eventually, across the industry as a whole.

Good labour relations and workplace policies and practices are the centrepiece of this element. Through the piloting of new initiatives, the sharing of information, education on labour laws and practices, and improvements in the workplace, productivity and competitiveness will be enhanced.

Given the low rate of unionisation among workers in the Lesotho textile and apparel industry, specific attention will also be paid to the ways in which social dialogue can be improved in factories where there is very little worker organization.

The third element focuses on building the capacity of workers and employers organizations to participate in social dialogue. In this element, workers organisations (specifically the Lesotho Clothing and Allied Workers Union and the Factory Workers Union) and employers organisations (specifically the Lesotho Textile Exporters Association and the Association of Lesotho Employers and Business) will be provided with training and advisory services designed to improve their capabilities in engaging in social dialogue that promotes consensus for the purposes of increases in productivity and competitiveness.

All three elements will require the active participation of all tripartite partners as well as mutual collaboration and commitment by all these parties to achieve mutually desired outcomes.

Outputs:

- Analysis of international comparison of competitiveness in the textile and garment sector and identify the niche textile and garment product lines for Lesotho in the context of AGOA and beyond.
- Improved skill development for both workers and managers in the sector. This includes new skills for those leaving the industry as well as those aiming to stay and upgrade performance.
- ILO training and retraining and consulting programmes (in Morocco, Ethiopia, Cambodia and South Africa) on competitiveness, productivity and conditions of work in the textile/garment adapted for implementation in Lesotho.
- Social partners able to develop and implement gender-sensitive approaches, including HIV/AIDS interventions at the workplace.
- Government and social partners able to promote the social dimensions of competitiveness and facilitate socially responsible restructuring processes.

Indicators:

- Unemployment rate among female and male retrenches from the textile sector and the youth in pilot sites
- Number of jobs retained in the textile sector
- Number of full compliance needs assessments (CNAs)
- Percentage improvement in productivity in participating firms

## **4.2 Social Security**

The net result of the complex crisis unfolding in Lesotho is its negative impact on progress towards the achievement of the Millennium Development Goals. HIV/AIDS drastically reduces household incomes, assets and social safety nets, which in turn increases levels of poverty and the erosion of the traditional mechanisms by which poor households cope with transitory crop failures as well as food and other forms of insecurity. Furthermore, it is increasing the drop-out rates for school children, especially girls, in their effort to find work or forage for food as well as caring for the sick.

In response to these concerns, the Government of Lesotho in its Sixth National Development Plan 1995/97 – 1998/99 envisaged the introduction of a comprehensive National Social Security Scheme that would be suitable for Lesotho. In the PRS, the Government expressed its commitment to continue to explore ways of establishing a comprehensive social security system that covers both formal and informal economy workers.

In March 2002, a National Social Security Policy was formulated by the Ministry of Employment and Labour which led in 2004 to the draft Consolidated National Social Security Act and the draft National Social Security (Benefits) Regulations. From the National Social Security Policy document it clearly emerges that the level of social security afforded the population of Lesotho is not adequate.

The *Labour Code Order No. 24 of 1992* provides severance payment, sick pay and maternity benefits, it does not provide old-age or survivors pensions. Moreover, sickness cover is based on the concept of employer liability as opposed to social insurance financing. In addition, protection during maternity leave is considered to be inadequate as the law provides for no income replacement during that period.

Though the *Workmen's Compensation Act of 1977* is applicable to all workers in the private sector as well as in Government, a number of categories of workers are excluded from coverage. Furthermore benefits are paid as a lump sum rather than as a periodic payment throughout the contingency. The *Pensions Proclamation of 1964* covers employees in the public service of Government. It provides for non-contributory, earnings-related pensions to permanent civil servants. However, there are no provisions allowing for survivors' pensions. The *Statutory Bodies Pension Fund Regulations of 1976*, as amended by the *Pension Scheme (Corporate Bodies) Act of 1979* provides for a contributory scheme and is applicable to employees of parastatal organisations. It is noted that there are inadequacies in terms of personal coverage, contingencies and benefit structure.

***OUTCOME:***  
***SOCIAL SECURITY COVERAGE EXTENDED***

**Strategy:**

The strategy is to assist the development of a comprehensive national social security scheme through gender-sensitive technical cooperation and to strengthen the governance of social security schemes through a series of capacity building activities. It aims at improving the coverage, efficiency and governance of the social security system in Lesotho.

As a first step for the further development of a comprehensive national social security scheme, the draft Consolidated National Social Security Act 2000, the draft National Social Security (Benefits) Regulations 2000, and the draft National Social Security (Board of Management) Regulations 2000, will be reviewed and finalized in light of the technical comments made by the ILO. In this context revisions will be made as necessary to ensure that the draft legal documents are technically sound and structured in accordance with internationally accepted principles of social insurance.

As a major input into the legislative review process, an actuarial valuation will be undertaken. Regular actuarial valuations are essential to maintaining the financial solvency of social security schemes by insuring that the contributions paid by workers and employers will be adequate over the long term to finance promised benefits. Recognizing this, the draft Consolidated National Social Security Act 2000 requires that an actuary appointed by the Board of Management shall review the financial position of the future General Organization for Social Security (GOSS) at least once every three years from the date of commencement of the Act.

ILO support will assist the government of Lesotho in creating an efficient administrative structure to finance and deliver the benefits foreseen under the draft Consolidated National Social Security Act 2000. The creation of this GOSS is stipulated in the Act and is a central goal in the draft National Social Security Policy of March 2002. To fulfill the full range of requirements in the draft Act, GOSS will have headquarters and regional offices in all districts of Lesotho.

Among the key areas requiring ILO assistance is training. As a matter of fact, training to prepare for the launch of a new social security scheme is essential not only for the efficient performance of new tasks by scheme employees but also for effective oversight by government and the social partners. The future GOSS's need for training is comprehensive, extending to its top management, the governing board, department heads, rank and file workers, all of which have a need for improved understanding of social security principles and practices. In addition, there is a need for training in specific administrative tasks, such as the collection of contributions, registration, compliance and enforcement, maintenance of records, and investment of assets. There is also a need to provide training in basic social insurance concepts outside government and GOSS, most importantly to trade unions and employer associations. These are the groups whose confidence in the new scheme is most critical and who must therefore develop a clear understanding of how the scheme will operate. Training should also extend beyond scheme members and employers to the general public in order to raise public understanding of the purpose of the new scheme, the principles of social insurance on which it will operate, and members' new rights and responsibilities. This could be done through launching a public education initiative, including, for example, media advertisements, distribution of information leaflets, or presentations to schools and businesses. The project will ensure a gender balanced participation in the training activities.

Building a consensus of support for the proposed national social security scheme will require extensive public dialogue. In this effort, direct testimonials from social security administrators who successfully launched social security schemes elsewhere in Africa are especially valuable. The optimal forum for such dialogue is tripartite seminars in major regions of the country, at which project findings are presented and debated by government, the social partners, and the newly created GOSS.

The capacity of GOSS will be enhanced by providing assistance with the computerization of social security operations, the project will build on the work done by the ALO/BADEA project. Within the framework of that project, a feasibility study for the introduction of computer services was prepared, guidelines for an automated system and a plan for the implementation of the system were provided, and the availability of human resources capable of carrying out both the computerization process and its maintenance was evaluated. Due to the considerable time elapsed since the ALO/BADEA report was presented to the Government, it is necessary to re-assess the data processing hardware requirements and the availability of competent computer staff for the new scheme. Moreover, since the ALO/BADEA project provided only general guidelines with regard to the automation of the system, the development of a software system capable of recording contributions from day one of the new scheme is necessary. Furthermore, training for computer staff needs to be provided which should be pragmatic, outcome based, and business oriented, so that staff are not trained simply to fulfill a perceived training need.

A national inter-agency task force will be set up to work to oversee the proposed work. This approach has the following advantages: (a) by inviting the various stakeholders (Government, social security organizations, workers' and employers' organizations) to be represented in the steering committee, access to all relevant information and data is ensured; (b) it gives the project its own legitimacy and viability since it is implemented not only by government, but also by the other relevant stakeholders; and (c) national ownership is guaranteed. The composition of members of the task force will ensure

appropriate gender balance. Other relevant social partners (e.g. NGOs, civil society groups, women's groups) will be consulted as necessary.

Outputs:

Technical Cooperation project developed and this would comprise:

- Current social security system reviewed
- Coverage need assessment survey
- National action plan on social security
- Managers of social security schemes and policy makers trained on financial management and administration
- Strategic plan for effective and sustainable management of the social security schemes

Indicators:

- Actuarial and financial valuation report of the proposed Consolidated National Social Security Act
- Consolidated National Social Security Act
- Number of male and female officials capable of implementing and managing the new scheme

### **4.3 Micro and small enterprise development**

As indicated earlier, with the restructuring of the South African mining sector, starting in the late 1980s, the employment of Basotho miners has fallen by more than half. As a result the contribution of remittances from Basotho mineworkers in South Africa has also fallen dramatically, from 40% of GDP in 1992 to 30% in 2000. The economy of Lesotho is heavily dependent on government expenditure (46% of GDP). Approximately half of government revenue comes from Southern African Customs Union (SACU), a share that is destined to diminish significantly (by 30%) under current agreements. It is also expected that SACU revenue and thus Lesotho's revenue from this source will be reduced further by new special trade agreements negotiated by the Republic of South Africa (RSA) with other countries and trading blocks like the European Union (EU).

The developments described above and the fact that vulnerable textile sector still constitutes a significant part of the private sector, puts enormous pressure on Lesotho to diversify its income and industry base. Small business has a crucial role to play in this. Small firms are more flexible than larger enterprises and thus able to respond more effectively to rapid changes in external conditions. These qualities enable them to generate employment and incomes, pioneer niche markets, generate entrepreneurial experience and facilitate the accumulation of small sums of investment capital. Small and medium size businesses as well as group entrepreneurship schemes like cooperatives and worker owned enterprises are also key tools for ensuring that the Basotho gain a larger share of the economy.

Considering the relatively higher levels of unemployment/under employment and poverty in the rural areas, there is a need to embark on a comprehensive rural employment programme linked closely with a gender sensitive comprehensive cooperative and local economic development initiatives.

There is a need to review/revise business, financial and trade regulations to create a policy environment which will be conducive for establishing business in general and in particular small and micro-enterprises, as well as to increase capacities and knowledge of

various segments of population, particularly, women and youth, to be able to engage in SMEs and self-employment.

***OUTCOME:***

***INCREASED NUMBER OF FIRMS IN THE MICRO AND SMALL ENTERPRISE (MSE) ARE PROFITABLE WITH DECENT CONDITIONS OF WORK***

**Strategy:**

The two-pronged strategy includes institutional capacity building at the meso level and a direct support provision to the end target group - female and male entrepreneurs. In terms of capacity building, the focus will be on creating and deepening the capability of the government and Social Partners to better support represent and advocate on behalf of the SMME sector. This not only strives to bridge the representational gap that the SMME sector suffers from, it equips employers' and workers' organizations to increase its membership from the SMME sector. Other support institutions, Business Development Service providers (BDS), micro finance institutions will also be strengthened to enhance their capacity to deliver demand driven relevant services to the SMMEs. ILO tools will be adapted to the needs of SMMEs in Lesotho and introduced especially to the meso level institutions.

The ILO will support the MTICM, LNDC and other relevant bodies in the reform of the policy/regulatory environment for the SMME sector as well as fostering twinning arrangements which will help link local and foreign investors to local SMMEs. To facilitate such supplier relationships between corporate business and the SME sector, it would be necessary to first quantify and qualify the business opportunities for SME along the value chain of the priority sectors. This will facilitate targeted technical support to prospective and existing local small-scale entrepreneurs to take advantage of these business opportunities. ,

Currently, no Government contingency plan is in place to provide redundant labour in the Garment sector with technical or financial support to seek new livelihoods. The factories, on their part, have not always downscaled in a socially responsible manner. In the light of the situation on the ground, the worldwide experience of the ILO in offering SIYB training for retrenched (e.g for Mozambican railway authority, port workers in Sri Lanka, miners in Zambia and workers in former state-owned enterprises in China), will be used in piloting business idea generation and business start-up training for retrenched in the local garment industry.

Since a significant proportion of those employed (and also losing their jobs) in the textile sector are females, the ILO will support the government and social partners to enhance self employment creation opportunities for women. The result of the survey on the "Socio-economic impacts of macro-economic change on employment and livelihoods" will be very useful in better targeting the interventions. The expertise and experience gained as well as the tools developed through the Women Entrepreneurship Development and Gender Equality (WEDGE) programme will also be adapted to enhance job creation opportunities for women in both the rural and urban areas of Lesotho. On going support to the Association of Lesotho Employers' plan of action to support women entrepreneurs as a follow-up to the Lusaka workshop on Women's Entrepreneurship Development (WED) and Employers' Organizations held in May 2006.

Outputs:

- Sectors with high Micro and Small Enterprises employment potential identified and prioritized.
- Policy and regulatory environment of identified priority sectors assessed and improved.
- Support (skills training, business development services, finance, and entrepreneurship development) for Micro and Small Enterprises in priority sectors provided through Local Economic Development, cooperatives, worker owned enterprises and Employment Intensive Infrastructure Investment Programmes.
- Potential and existing women entrepreneurs empowered to start and run growth oriented businesses.

Indicators:

- Number of enterprises started by males and females
- Number of men and women accessing small business start-up, management training programmes and related business development services
- Profit level of enterprises in the pilot areas
- Conditions of work in the participating enterprises

**4.4 HIV/AIDS in the world of work.**

The Lesotho government has declared HIV/AIDS an emergency to facilitate targeting of resources and intensifying responses in the fight. The national framework, policy and strategic plans are being reviewed and aligned to the PRSP. The National AIDS Commission (NAC) has been constituted under an Act of parliament and has been given more powers. The private sector however, remains marginally involved and the development of the new strategic plan for 2006 to 2010. It is anticipated that the revision will provide an opportunity to include the workplace issues within the national HIV/AIDS strategic plan.

NAC is also in the process of setting up the systems and establishing structures to help play its key role and mandate to coordinate the nation's response to HIV and AIDS, develop the national policy and strategic plan and create an enabling environment for concerted responses. Lesotho has been awarded round two of the Global Fund for AIDS and TB. Other donor funding will likely be provided under a basket funding arrangement. This will further boost the resource needs for the country and among the communities to cushion the population against the severe impacts of the epidemic

Despite these efforts, new infections continue to rise, the disease burden is crippling the economy and the safety nets cannot cope with the growing population of orphans. The situation, therefore, demands immediate action to develop comprehensive and sustained HIV and AIDS workplace programmes that support infected and affected workers and their families, as well as prevent new infections. The strategy should also strengthen and scale up the ongoing programme responses including the ILO/USDOL project on HIV/AIDS prevention

***OUTCOME:***

***HIV/AIDS PREVALENCE REDUCED AND ITS IMPACT AT THE WORK PLACE MITIGATED***

### Strategy:

As an over-arching component, HIV and AIDS response initiatives will cut across the whole Decent Work Country Programme. The project design is based on the client needs and priorities as identified during the Decent Work Country Programme (DWCP) consultative meetings and validation workshop held in 2005 and 2006 respectively.

The planned baseline studies at intervention inception will identify any further gaps in response that could be incorporated into the implementation strategies. Relevant additional information from other studies will be utilized to further enhance strategies. The key elements as identified during the consultative processes include the need for:

- Continuing dialogue with the relevant government structures to ensure that the national, legal and policy framework is conducive to workplace prevention.
- Strengthening the tripartite structures and defining the various roles of the tripartite constituents for effective and sustainable workplace programmes.

The principal guide and framework for action by the ILO is the *Code of Practice on HIV and AIDS and the World of Work*, which was developed through tripartite consensus globally.<sup>4</sup> The strategy builds on the comparative advantage of the ILO's networks and experiences especially its tripartite structure bringing governments, employers and workers together; expertise in many related sectors, from occupational safety and health to social security; and a rich collection of resource material, manuals and guidelines for programming; and implementation and monitoring of technical cooperation project.

Action at enterprise level will be the principal strategy of the project beginning with the motivation for appropriate policy development and implementation. The workplace interventions will be built around Behaviour Change Communication (BCC) and will utilize materials from the ongoing USDOL supported project on AIDS Education in Lesotho. The project will also borrow on lessons learnt from the ILO/USDOL HIV/AIDS Workplace Education Project, the ILO/Transport Sector project and other project initiatives in the country.

It will link closely to the broad national development framework for Lesotho within the context of overall national priorities and the framework for the national HIV/AIDS response. Continuous dialogue with all the social partners will ensure the active participation of the beneficiaries in the planning and implementation of the project, in particular, the involvement of labour unions and employers will allow the reflection of labour force needs in the planning of interventions. The partnerships already forged with the UN Country team in Lesotho will be strengthened to facilitate implementation and resource pulling across board.

### Outputs:

- Gender sensitive national workplace policy on HIV/AIDS finalized
- On-going workplace HIV/AIDS programmes up scaled.
- World of work issues incorporated into national HIV and AIDS policies and strategies.
- KABP studies undertaken and report produced and disseminated
- Skilled work place HIV/AIDS educators and facilitators developed in the trade unions, employers' associations, cooperatives and government

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<sup>4</sup> The full text of the Code and its key accompanying documents are available on the ILO/AIDS website at: [www.ilo.org/aids](http://www.ilo.org/aids). Translated editions of the Code in more than 40 languages are available on the same website.

*Indicators:*

- Behavioural change reflected in KAP studies to assess knowledge, attitudes, behaviour and practices among male and female workers in selected sectors.
- Number of enterprises with gender sensitive HIV and AIDS policies and programmes
- The number of key ministries that develop sector wide gender sensitive HIV & AIDS workplace policies and strategies

#### **4.5 Youth Employment**

The youthfulness of Lesotho's active population is quite striking and remains a challenging task for the country's labour force. According to the 1999 Labour Force Survey, 58 per cent of its active population is aged between 15 and 19 years old, and 73.3 per cent are aged between 20 and 24 years old. Unemployment amongst youth between the age of 15 and 25 years old was 7% per cent higher than the overall unemployment rate of the country, with young women making up the bulk of the unemployed. Most of those are employed in the informal economy, mainly in subsistence agriculture, characterised by extremely high rates of poverty, underemployment and disguised unemployment. The ever declining employment opportunities in the country significantly contribute to youth unemployment.

The low levels of employable skills of youth are yet another important factor that can be attributed to the high levels of unemployment amongst the youth. Although Lesotho's population is one of the highly literate in the Southern African region, this has not translated into employable skills. The matter is further exacerbated by the lack of adequate skills training facilities for those youth who drop out of school before completing secondary education.

Youth in the rural areas are in a much worse situation than their urban counterparts and are more likely to be engaged in the informal economy than the urban youths. This is confirmed by the fact that they are more likely to drop out of school before completing primary education. For example, only 7.9 per cent of employed males from urban areas did not have any education, compared to 28.4 per cent of their rural counterparts. Furthermore, only 47 per cent of urban female workers had only primary education, as opposed to 77.7 per cent of their rural counterparts. Migration has been the main escape route for the rural population, especially for young people from the clutches of subsistence farming and rural poverty. As employment opportunities diminished in South Africa's mining industry, the pattern of migration has also changed. Migration has become more internal with people (mostly youth) moving from rural to urban areas in search of better employment opportunities. This new migratory pattern (internal) is now dominated by young women, as opposed to the old pattern (external) which was dominated by young men. This is due to the large textile manufacturing sector in the country which employs almost exclusively females.

The identification of infrastructure development as a key priority of the PRS provides a very useful platform for building on the previous gains the country's long standing experience on the use of Employment Intensive (EI) approaches in the infrastructure sector especially on rural roads and foot bridges. There is a huge potential to expand/upscale this skill to cover other rural infrastructure and urban service provisions.

The dearth of policy relevant and timely labour market information constitutes a major impediment to realistic planning, monitoring and evaluation. Thus there is a need to more regularly collect socio-economic data, in particular, labour force data to keep track on the overall labour market situation in tandem with economic changes. There is also a need to establish a good labour market information system accordingly, which will also entail good employment services.

***OUTCOME:***

***DECENT AND SUSTAINABLE JOBS CREATED FOR UNEMPLOYED AND UNDEREMPLOYED YOUTH IN BOTH RURAL AND URBAN AREAS***

**Strategy:**

The country will be supported to create an enabling environment for the promotion of youth employment and capacities created for the development of an entrepreneurial culture as well as the promotion of enterprise development. ILO inputs will be provided to develop a youth - friendly National Employment Policy, National Youth Employment Action Plan and training provided for entrepreneurship and enterprise development. More specifically, technical assistance and advisory services will be provided to the Government, youth organizations, business, trade unions and other stakeholders to create a positive national climate to enhance the employment of young Basotho women and men. This will be done through:

- The National Action Plan (NAP) which will build upon the goals and objectives of the national youth policy and will adequately place youth employment at the centre of macro-economic policy, promote entrepreneurship development, enhance the employability of young women and men by providing them with the skills needed by the labour market and ensure that equal opportunities are provided to enable young men and women have access to decent work in both the rural and urban area. The plan will be gender sensitive and provide a practical statement on the implementation of the national youth policy, reflecting the directions, priorities and strategy areas of the policy. ILO tools to guide the development of NAPs will be utilized to make the action plan reflect the core elements of the Global employment Agenda and the Employment Policy Convention (No.122).
- Establishing a National Youth Employment Steering Committee with representatives from various line ministries, private sector businesses, youth organizations, trade unions and other stakeholders. This will be complemented by the multi-sectoral team of technical experts with the mandate to oversee the development, implementation and assessment of the National Action Plan on Youth Employment.
- Strengthening Government's Public Works to engage in employment intensive approaches taking into consideration a certain sector of it being young women and men. ILO expertise and tools in employment intensive investments will be used to build on the gains of the earlier technical support provided to the country.
- A series of reviews/studies to better understand the dynamics of youth employment within Lesotho.
- Entrepreneurship development will be anchored on adapting complementary ILO training packages and tools like Start and Improve Your Business (SIYB) and Expand Your Business (EYB). Because of the entrepreneurial limitations in Lesotho, it is envisaged that the initial step will be to work with the, Ministry of Education and other partners/appropriate groups to build an entrepreneurial culture using the ILO's Know About Business (KAB) package. Those with the necessary interest and ability will thereafter be supported to start their businesses using the ILO SIYB training

package. Innovative means of sustaining the capacity built will be utilized; including mentorship and apprenticeship programmes.

- Establishing links with other small enterprise development institutions to provide comprehensive support to the emerging business owners as well as support existing business owners to improve their businesses. This intervention will also benefit from the other entrepreneurship promotion interventions in the country by systematically ensuring that young women and men are specially targeted for support.

Outputs:

- National Employment Policy which addresses youth employment as a priority area of focus.
- An appropriate labour market information system established, including institutional mechanisms to help the youth in school-to-work transition.
- The education and vocational system and policies will be reviewed and revised as appropriate to ensure that human resources are prepared to meet the current and future needs of the economy
- Sectors with the highest potential for youth employment identified
- A National Action Plan for Youth Employment formulated, which will also reflect specific gender concerns
- Programme for implementing National Plan of Action developed

Indicators:

- Youth employment - friendly National Employment Policy
- National Action Plan on Youth Employment
- Number of young women and men employed in pilot sites
- Number of young people reached with entrepreneurship development support

**4.6 Strengthening Social Partners:**

Over and above the ratified Conventions, the country has the Labour Code, which contains provisions domesticating these Conventions. In addition to this, Government is keen to make decision making more inclusive and the social partners are interested in more actively participating in the policy formulation, implementation and monitoring processes. This poses a challenge to social partners who have hitherto concentrated on traditional collective bargaining issues (wages, hours of work etc). Their participation and contribution to broader dialogue institutions has not been effective enough to champion the interests of their members.

In addition, social dialogue in Lesotho is also weak, ineffective and uncoordinated due to the multiplicity of social dialogue institutions, overlapping of functions and powers of the dialogue institutions, lack of capacity and weak technical support by secretariats of the dialogue institutions; multiplicity of trade unions and trade union federations which has often resulted in union rivalry and the inadequate capacity of social partners to participate effectively in the dialogue institutions. The support for national level social dialogue also needs to be complemented by enhanced capacities to address decent work issues at the sectoral level.

***OUTCOME:  
NATIONAL POLICIES FORMULATED AND IMPLEMENTED WITH  
ACTIVE PARTICIPATION OF SOCIAL PARTNERS.***

**Strategy:**

The main vehicle will be to develop a strategic plan of action to strengthen the institutions and processes of social dialogue as well as preparing a programme to strengthen the Ministry of Employment and Labour and the social partners. For the social partners, ILO technical assistance will be provided to enable them develop/implement 4 year strategic plans.

Building on the achievements of previous and on-going ILO technical support, the constituents will be supported to undertake an audit of social dialogue institutions including possible ways of improving efficiency, coordination and effectiveness. Using the ILO/ARLAC Guide and other tools, training will be provided to secretariats of social dialogue institutions to strengthen their capacity to prepare for meetings, follow up and implement decisions of the institutions.

Through the mass media, the constituents will be supported to engage in social popularization campaigns to promote national acceptance of a culture of dialogue, its institutions and benefits. Within the on-going legislative revision exercise under the ILSSA Project, technical support will be provided for legislative amendments to better streamline representation in and functions of social dialogue institutions. Training will be provided to social partners in order for them to develop a shared understanding of social dialogue and its benefits. Social partners will also be trained in representational skills and negotiations to enhance their participation in national institutions, including the envisaged body to monitor the implementation of the national development plan, the Inter-ministerial sub-committee on investment promotion in the textile industry etc.

**Outputs:**

- Specific capacity needs of social partners identified
- Capacity and effectiveness of social dialogue institutions assessed.
- Capacity Building programme developed and implemented at national and sectoral levels (maximizing existing and new opportunities)

**Indicator:**

- Number of policies influenced by social partners

**Gender Mainstreaming:**

Gender will be effectively mainstreamed into all the programmes and policies developed within the framework of the DWCP. The support of the Senior Gender Specialist in Addis, complemented by the available expertise in the Pretoria Office, will be used to build gender mainstreaming capacity in programme managers. Special consideration will be given to training techniques and schedules to ensure women participate in every stage of the process. The management information system and performance reports will consistently provide sex disaggregated data. Indicators have been engendered to also facilitate gender sensitive monitoring and evaluation.

## 5. ALIGNMENT OF THE DWCP OUTCOMES WITH OTHER FRAMEWORKS

Table 1 shows the interaction between the PRS, MDGs, UNDAF outcomes, ILO Operational Outcomes and the identified DWCP outcomes.

**Table 1**

	PRS Goal	MDGs	UNDAF Outcomes	DWCP Outcome	ILO Operational Outcome
1	Employment Creation & Income Generation	Eradicate Poverty & Extreme Hunger Promote gender equality	Increased employment, household food security and enhanced natural resource and environmental management	<b>Decent and sustainable jobs created for unemployed and underemployed young women and men in both rural and urban areas</b>	Outcome 2a.3: Youth Employment Outcome 2b.2 Employment Creation through employment – intensive investment approaches
2	Employment Creation & Income Generation	Eradicate Poverty & Extreme Hunger	Increased employment, household food security and enhanced natural resource and environmental management	<b>Improved competitive -ness, productivity and conditions of work (including support for displaced workers) in the textile/garment sector)</b>	Outcome 2b.1 Employment Creation through Enterprise Development Outcome 4c.1 Improved labour and social outcomes in specific sectors
3	Employment Creation & Income Generation	Eradicate Poverty & Extreme Hunger Promote gender equality	Increased employment, household food security and enhanced natural resource and environmental management	<b>Increased number of firms in the micro and small enterprise (MSE) are profitable with decent conditions of work</b>	Outcome 2b.1 Employment Creation through Enterprise Development
4	Deepening Democracy, Governance, Safety & Security	Preserving Good Governance Institutional Reform Human Rights Decentralization	Governance institutions strengthened, ensuring gender equality, public service delivery & human rights for all	<b>Social security coverage extended</b>	Outcome 3a.1 Improved policies and strategies to extend social protection to all
5	Deepening Democracy, Governance, Safety & Security	Preserving Good Governance Institutional Reform Human Rights Decentralization Promote gender equality	Governance institutions strengthened, ensuring gender equality, public service delivery and human rights for all	<b>National policies formulated and implemented with active participation of social partners.</b>	Outcome 4a.2 Social Partners Influence Socio-economic and governance policies
6	Cross - Cutting	Combat HIV and AIDS Promote gender equality	Capacity strengthened to sustain universal access to HIV/AIDS prevention, treatment, care and support and impact mitigation.	<b>HIV/AIDS prevalence reduced and its impact at the work place mitigated</b>	Outcome 3b.3 National Plans for combating HIV & AIDS in the world of work

## 6. ESTIMATED RESOURCE REQUIREMENTS

The DWCP provides an opportunity for the ILO to secure development assistance in support of national needs and priorities, benefiting both ILO supported and other national programmes and projects. The estimated resources needed to pursue the achievement of the DWCP outcomes are indicated in the matrix below. It is noted that more precise estimates may only become available after the elaborate programme/project development stage involving national counterparts of the respective agencies.

Table 2 indicates the estimated resource mobilization targets for the programme. As of now, the resource mobilization targets suggest that about US \$11.04 million in total will need to be mobilized to enable us achieve the required results. Details of the internal ILO resources committed to developing these programme outcomes are reflected in the SMM and will be made available on request.

**Table 2:**

DWCP OUTCOMES	RESOURCE MOBILIZATION TARGETS (USD)
1. Decent and sustainable jobs created for unemployed and underemployed young women and men in both rural and urban areas	2,350,000.00
2. Improved competitiveness, productivity and conditions of work (including support for displaced workers) in the textile/garment sector)	2,150,000.00
3. Increased number of firms in the micro and small enterprise (MSE) are profitable with decent conditions of work	2,450,000.00
4. Social security coverage extended	1,540,000.00
5. HIV/AIDS prevalence reduced and its impact at the work place mitigated	1,350,000.00
6. National policies formulated and implemented with active participation of social partners.	1,200,000.00

## **7. DWCP in Partnership - Implementation and Management**

### **7.1 Implementation and Management**

The implementation of the Lesotho DWCP is the main responsibility of the ILO Pretoria Office, which will manage and coordinate the programme. The Office will oversee the process of implementation with the support of the SRO in Harare, Regional Office for Africa and relevant ILO units in the field and Geneva. The Government and the social partners will collaborate with the ILO in the implementation, monitoring and evaluation of the DWCP.

Since the Country Programme constitutes the basis for ILO support to Lesotho, all existing technical support programmes (regular budget and extra-budgetary) are being aligned with the DWCP.

### **7.2 Partnership**

The DWCP priorities and outcomes as well the content of the SPROUTs were decided upon by the constituents and other stakeholders. They will be involved in all the other stages of the programming cycle. The DWCP will also promote modalities and opportunities to strengthen pragmatic links with NGOs and civil society.

Within the context of the on-going UN reform which seeks to enhance coherence within the UN, the UN Resident Coordinator, the UNDP and the other members of the UNCT were very closely involved in all the stages leading up to the adoption of the DWCP.

During the validation workshop, the UNDP confirmed its interest in developing a joint programme on youth employment with the ILO. This joint programme has been developed and other opportunities for joint and collaborative programme development are being explored. The DWCP will form an integral part of the 2008 -2011 UNDAF for Lesotho. The ILO has also confirmed its willingness to actively support the proposed “One UN” pilot programme in the country.

In addition, ILO office in Pretoria - in partnership with other ILO units - has initiated discussions with the main donors in the country; notably the EU, DFID, Irish Aid, German and United States of America missions. Dialogue has been initiated with the International Finance Corporation for partnership on the proposed support to enhance competitiveness and productivity in the textile sector. In the same manner, relationships will be developed with other traditional and non-traditional partners to support the implementation of the agreed programmes. Already, the ILO participates in the Multi Fibre Agreement (MFA) Forum initiatives in Lesotho.

## **8. Monitoring and Evaluation (M&E)**

The monitoring and evaluation of the DWCP are integral parts of programme implementation. The DWCP requires the establishment of follow-up monitoring, evaluation and review arrangements, to allow a comparison of objectives against achievements. The parameter for monitoring and evaluation is reflected in Table 3 below.

### **8.1 Monitoring**

Monitoring the implementation and evaluating the impact of the Programme will be conducted jointly by the Constituents and the ILO. The monitoring arrangements will also enable participating organisations to examine the ILO’s catalytic and strategic role in achieving the desired Outcomes. Monitoring will be based on the use of a selected number of indicators agreed upon with Government, social partners and other stakeholders. The information obtained from these indicators will serve as a basis for the analysis and review of performance, to assess progress made, identify lessons learnt and, if necessary, recommend changes or adjustments in relevant strategies.

### **8.2 Evaluation**

Evaluating the DWCP will take place at two critical points in the implementation cycle. There will be a mid-cycle and an end-of-cycle evaluation. These evaluations will provide valuable information on the implementation progress in terms of interim outcomes and impact. The Bureau for Programme and Management (PROGRAM), Evaluation Unit, CODEV, Regional Office for Africa in Addis Ababa and Sub- regional Office in Harare as well as the constituents and other key national partners will support ILO Pretoria with the DWCP evaluation.

**Table 3:**

DWCP Outcome	Indicators	Comments
1. Strengthened national capacity to create employment opportunities for women, men and youth	National Action Plan on Youth Employment	<p><b>Risks</b></p> <p>Inability of the economy to generate employment opportunities</p> <p>Human resource constraint in the public service</p>
	Number of young women and men employed in pilot sites	
	Number of young people reached with entrepreneurship development support	
	Youth employment – friendly National Employment Policy	
2.Improved competitiveness, productivity and conditions of work (including support for displaced workers) in the textile/garment sector)	Unemployment rate among female and male retrenches from the textile sector and the youth in pilot sites	<p><b>Assumptions</b></p> <p>Full engagement of partners</p> <p>Setting up a labour market information system</p>
	Number of jobs retained ( female and male workers) in the textile sector	
	Number of full compliance needs assessments (CNAs)	
	Percentage improvement in productivity in participating firms	
3. Increased number of firms in the micro and small enterprise (MSE) are profitable with decent conditions of work	Number of enterprises started by males and females	<p>New labour force survey conducted</p>
	Number of men and women accessing small business start-up, management training programmes and related business development services	
	Profit level of enterprises in the pilot areas	
	Conditions of work in participating enterprises	
4. Social security coverage extended	Actuarial and financial valuation report of the proposed Consolidated National Social Security Act	
	Consolidated National Social Security Act	
	Number of male and female officials capable of implementing and managing the new scheme	

5. HIV/AIDS prevalence reduced and its impact at the work place mitigated	Behavioural change reflected in KABP studies to assess knowledge, attitudes, behaviour and practices among male and female workers in selected sectors.		
	Number of enterprises with gender sensitive HIV and AIDS policies and programmes		
	Number of key ministries that develop sector wide gender sensitive HIV & AIDS workplace policies and strategies		
6. National policies formulated and implemented with active participation of social partners.	Number of policies influenced by social partners		