



TRADE FORWARD
SOUTHERN AFRICA



TFSA Sector Work in Lesotho

The Trade Forward Southern Africa (TFSA) programme set out to enhance the participation of SMEs in regional and global value chains in high potential sectors. Working through implementing partners and business support organisations (BSOs) in Lesotho, TFSA has delivered sector specific interventions designed to address Non-Tariff Barriers (NTBs) and facilitate compliance with regulatory and standards requirements, as well as the less tangible barriers related to distance to market.

Lesotho Snapshot: March-October 2022

20

Farmers

20 individuals (15 women)
Trained in Eco-cert to help farmers understand requirements of organic farming certificates

38

SMEs/Farms

46 individuals (36 women)
Trained in business operations and international marketing standards, equity trade and cross border trade

20

BDSPs

(15 women-owned)
Trained in using the business model canvas to support businesses plan for export marketing and complying with all the requirements of the export markets

48

SMEs

(35 women-owned)
were trained on export strategy development and planning

10

LNDC and Ministry of Trade and Industry staff trained and mentored

Through this sector specific training and business and product development support, TFSA has helped empower BSOs and SMEs throughout Lesotho to improve business operations, product output and quality to meet international standards and regulations. For many, this means having the increased ability to demand higher prices, and a business and products ready for international markets.

TFSA Priority Sectors in Lesotho

Cosmetics and natural ingredients

Wool and mohair

Fruits, nuts and vegetables

Operators in the three sectors are constrained by standards and regulatory requirements. This inhibits the desired formalisation of small and medium scale producers that would enable them to successfully participate in export markets.

TFSA Support to the Cosmetics and Natural Ingredients Sector

Increased consumer awareness and concerns about sustainability and the use of harmful ingredients has led to a growing market for cosmetics made with natural ingredients. Europe has the largest cosmetics market globally, and the demand for natural ingredients is increasing. The natural cosmetics sub-sector only has a 5% market share of the European market (CBI) but is growing faster than the overall cosmetics market. In Lesotho, the sector is dominated by a few large commercial operators who contract outgrowers (mainly

rural women) to supply them with natural product ingredients, or they employ large numbers of rural Basotho directly at their factories. Though still in its infant stage, the sector is seeing a growing number of small enterprises, with most currently operating informally.

TFSA worked with business support partners: Association of Women in Small Business (AWSB); the Lesotho National Development Corporation (LNDC) and the SMME Network to deliver capacity building activities to SMEs in the sector.

- **Building export readiness of SMEs** through training on trade and customs to increase understanding of Harmonized System (HS) classifications; international market standards and their application along the value chain; and equity in trade to further women's participation in trade.
- **Developing marketing and sales skills** through basic IT training to manage operations and engage with potential buyers more efficiently. Mentoring and coaching was designed to empower SMEs to effectively engage with buyers at industry events.
- **Practical learning** through site visits to firms in the sector that are successfully exporting. This allowed for the opportunity to observe in practice some of the key operational requirements covered in the training sessions.
- **Introduction to market trends and analysis** to equip the participants with a better understanding of the demand and how best to engage market players for successful market entry into EU and UK, but also for building domestic and regional market share.
- **Strengthening support capacity** through training, mentoring and coaching of LNDC and Ministry of Trade staff to better support SMEs at different levels of business development and export readiness. Production of a natural cosmetics handbook and export guide will help these actors target markets, support compliance and drive export growth. Business Development Service Providers (BDSPs) represented by the SMME Support Network were equipped with training manuals and templates to improve their support around export requirements.



Women entrepreneurs after completing their trade and customs training

This trip was really an opener for all of us. We have seen where to get the best packaging materials which will help us to improve the standards of our products.

- AWSB member after site visit to Bloem Pack in Bloemfontein, South Africa

Considering the nascent stage of the sector, further support will be required to grow Lesotho's exports of cosmetics and natural ingredients. Under the scope of work delivered by TFSA and partners, a number of recommendations were identified.

Key Recommendations for Future Actions

1. For businesses that have not had any meaningful experience in formal export trade, training and site visits were effective in raising an interest in export, but further assistance will be required in order to formulate and implement export plans and strategies.
2. Where BSOs have limited exposure to export trade, selected staff should receive training to build their capacity for them to effectively support member firms in export related topics, including offering post training support on implementation of processes and standards.



Cosmetics with natural ingredients is still a very new industry in Lesotho, but we think there are great opportunities to diversify and integrate this into the trade and investment space. So, we thought it was important to invite Ministry of Trade representatives, almost for a sort of training-of-trainers session, to build this new capacity in-country. They were really interested, especially in the cross-border trade issues, and now feel more comfortable advising exporters. This will be really beneficial because the sector is very dependent on government and foreign investment. The TFSA training is a very good basis for us to now take this forward. I have already noticed the SMEs changing their thinking, we now see them asking more probing questions around branding and export markets – we never got that type of questions before!

- Malira Sekonyela, Trade Facilitation and Promotion Manager, LNDC



TFSA Support to the Fruits, Nuts and Vegetables Sector

Lesotho does not have a well-developed commercial fruits, nuts and vegetable sector, as is the case with other countries in the region. However, increased government and donor support is driving investments into high value crops in the sector and is expected to influence growth and development towards export markets, especially for small-scale farmers. TFSA worked with business support partners, AWSB, the Lesotho Chamber of Commerce and Industry (LCCI) and the SMME Support Network, to deliver training to farmers and SMEs producing packaged and processed goods.

- **Building export readiness of SMEs** through training on trade and customs to increase understanding of HS classifications; international market standards and their application along the value chain; equity in trade to further women’s participation in trade; basic IT training to manage operations and engage with potential buyers more efficiently.
- **Introduction to Fair Trade principles and standards** to help producers and growers implement the production, human resources management and environmental protection systems necessary for achieving Fair Trade certification.
- **Strengthening support capacity** through training, mentoring and coaching of LNCD and Ministry of Trade staff to better support SMEs at different levels of business development and export readiness. Business Development Service Providers (BDSPs) represented by the SMME Support Network were equipped with training manuals and templates to improve their support around export requirements.



Participants in the SMME Network’s Introduction to Export Trade Development for Women training said they had: “learned about all the steps to follow and things to consider in order to be export ready” and to “identify whether my business is ready for the export market and that I must manage my business well before exporting.”

In addition to the recommendations listed under the cosmetics and natural ingredients sector, TFSA recorded further points for sustaining and scaling up interventions.

Key Recommendations for Future Actions

1. Communal farmers' groups would benefit from further advanced export training, as well as ECOCERT training to selected farmers who could in turn train other members in the groups.
2. There is good potential for value adding for producers of, in particular, vegetables through processing prior to exporting their produce. Agro-processing training designed according to market demands would be a great addition to the export training received.

TFSA Support to the Wool and Mohair Sector

The wool and mohair sector is hugely important to the future development of Lesotho, not least for its nearly 40,000 rural, small-scale growers. In 2020, Lesotho recorded mohair exports to the value of USD 4.9m (out of a global market value of around USD 250m), 84% of which was destined for South Africa, from where it is re-exported, primarily to China.

With the global trend towards ethically sourced mohair, TFSA worked with the Lesotho National Wool and Mohair Growers Association (LNWMGA) and BKB Brokers to develop and pilot a certification model of Textile Exchange's Responsible Mohair Standard (RMS). RMS is an industry tool designed to ensure best practices of farmers, promoting animal welfare and sustainable land management.

- **Development of a communal farmers' group audit process**, adapted to the Lesotho context and production landscape without compromising the integrity of RMS. This audit process was tested through mock audits on the three shearing sheds selected for the pilot phase to identify potential challenges and seek solutions within the RMS framework.
- **Design of a communal certification model** deemed optimal for the Lesotho context. Training materials were developed, and training-of-trainers (ToT) on the certification model and implementation was conducted.
- **Introducing key stakeholders** to the RMS standard and certification model and the formation of a steering committee to assist with the roll out of the certification model beyond the pilot sheds.



Mock assessment at Mathebe shearing shed to test the auditing process



Bronwyn, 5th from the left, with growers from the Mathebe shearing shed

People were so eager and open to make the required changes. Any suggestions we made to meet certification requirements were met with 'Ok, we see, we'll fix it'. RMS really is on its way to become the minimum criteria, which makes this project in Lesotho so important. The market access these farmers will get when they're certified will literally change their lives. Having TFSA fund this work, it is a win across the board. For Textile Exchange, for the brokers, and for the farmers. If we can get it right in Lesotho, we can use this model in South Africa with our community farmers, and in other countries where you have these nomadic communal systems.

- Bronwyn Botha, Conversationist, BKB Brokers/Textile Exchange

To successfully scale up the initiative from the pilot stage, TFSA has recorded a number of recommendations.

Key Recommendations for Future Actions

1. Adjustments in the 3 pilot sheds according to RMS requirements, in preparation for a final audit and certification.
2. Develop a rollout plan for scaling the adoption of the audit and certification process.
3. Finalisation and adoption of the audit process for scaling to the whole country.
4. Identification of 3rd party auditors and working in partnership with Textile Exchange to build their capacity to conduct audits. Identification and training of stakeholder(s) to conduct assessments and issue certifications until an auditing body is established.

About TFSA

Trade Forward Southern Africa is a UK Government funded initiative that supports the SACU+M business community to grow regional and international export trade through a diverse range of free exporter focused tools, training and resources designed to provide a broad overview of important trade and customs related subjects. Learn more on the [Trade and Information Hub](#), and follow us on [LinkedIn](#), [Twitter](#) and [Facebook](#) for ongoing updates.



TFSA Business Support Partners in Lesotho

AWSB supports women-owned SMEs from a range of sectors, including agribusiness, cosmetics and beauty, and clothing and fashion, through capacity building, business opportunities sharing and advocacy programmes.



[LCCI](#) is a national and broad-based business association – open to all business activities in Lesotho – and is a dynamic actor in socio-economic development of the country, promoting the vital interests of its members.



[LNDC](#) is Lesotho's Investment and Trade Promotion Agency, under the Ministry of Trade and Industry. The organisation supports any businesses from all sectors with the objective to build productive capacities of export-oriented firms, as well as to improve their competitiveness to access exports markets.



[LNWMGA](#) is the leading private sector wool and mohair association representing around 37,000 growers. LNWMGA works in collaboration with the government to manage shearing sheds across the country and to provide skills development, support production and marketing of growers.



[The SMME Support Network](#) is an association of Business Development Service Providers (BDSPs) that offer support to SMMEs operating in all industries in the country. The Support Network provides coordinated delivery of business support services to strengthen BDSPs' capacity to provide the necessary skills development of SMMEs.



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