

AGOA and Lesotho: Job Creation and Gender Impact

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Lesotho Industrialisation Trends

Establishment of the Lesotho National Development Corporation (LNDC) in 1967 “to initiate, promote and facilitate the development of manufacturing and processing industries.”

External factors that spurred industrial growth:

- Sanctions against Apartheid RSA in the 1980s
- The Multi-Fiber Arrangement (1974-1994)
- WTO Agreement on Textiles and Clothing

An influx of mainly Taiwanese investors set up manufacturing firms because of quota preferences. However, five factories closed at the end of 2004 with the end of preferences and close to 6, 000 workers lost their jobs as a result of the closures.

Job Creation and Gender

Lesotho Demographics

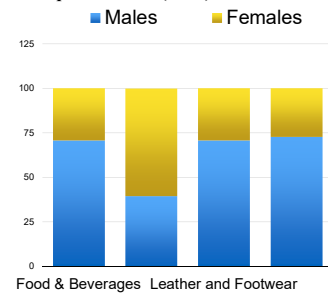
- Population above 15 years (labour force)= 1, 237, 257
336, 489 males
651, 117 females
- 608, 326 (49%) of labour force were employed: 336, 489 were male (55.3%)
271, 837 female (41.7%)
- Females typically work shorter hours than men, giving them a higher incidence of under-employment and lower wages.

AGOA Impact on Employment and Wages

- Total employment by T&C in 2017 was 46, 484 (of which 29, 030 are in AGOA-exporting firms)
- LNDC has 4 industrial estates housing AGOA-producing firms in which 88% of employees are females. Employment at the LNDC firms stood at:

| Year | Employees |
|------|-----------|
| 2012 | 45, 117 |
| 2013 | 44, 097 |
| 2014 | 45, 652 |
| 2015 | 48, 212 |
| 2016 | 46, 163 |

% male/female managers per manufacturing sector 4th quarter 2015 (BOS)



Textiles and clothing is the only manufacturing sector where there are more female employees than male employees as well as where female managers outnumber male managers

AGOA Impact in Lesotho

AGOA Impact in the Textiles and Clothing (T&C) Sector

- This sector grew by 6.8% in 2014 and by 3.3% in 2015 (due to the uncertainty around the renewal of AGOA)
- 65 T&C firms (1 textile and 64 clothing); 33 produce for Southern Africa and 29 for the US under AGOA
- Lesotho is the #1 exporter of garments under AGOA
- T&C is responsible for most employment in manufacturing in Lesotho

| | T&C | F&B | L&F | Other |
|------------|-------|------|------|-------|
| 2015 1st Q | 33413 | 956 | 1494 | 2860 |
| 2015 2nd Q | 38054 | 700 | 1657 | 3748 |
| 2015 3rd Q | 34231 | 1074 | 1746 | 3462 |
| 2015 4th Q | 33686 | 1098 | 1743 | 2606 |

- Yet have lowest wages in manufacturing (M/month)

| | T&C | F&B | L&F | Other |
|------------|------|-------|------|-------|
| 2015 1st Q | 1714 | 9512 | 2010 | 5780 |
| 2015 2nd Q | 1719 | 8073 | 1819 | 3775 |
| 2015 3rd Q | 2049 | 5351 | 1980 | 3681 |
| 2015 4th Q | 1574 | 10339 | 2440 | 5042 |

AGOA Impact on Exports

T&C exports grew by 22.2% between 2015 and 2016

Conclusions

- AGOA has had a positive and visible impact on inward-FDI, and job creation, especially for women in Lesotho
- It has also incidentally positively affected other industries such as housing, retail, transport etc
- However, more must be done to create a more favorable investment climate to avoid divestment when temporary trade privileges end as well as to ensure the upgrading of skills and more local ownership of firms
- Continued benefits under AGOA are under threat pending government implementation of SADC security recommendations

Literature cited

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