

 Early Warning System

WB-P175783

Lesotho Competitiveness and Financial Inclusion Project



Quick Facts

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| Countries | Lesotho |
| Financial Institutions | World Bank (WB) |
| Status | Active |
| Bank Risk Rating | B |
| Voting Date | 2022-06-15 |
| Borrower | Government of Lesotho |
| Sectors | Agriculture and Forestry, Industry and Trade |
| Investment Type(s) | Grant |
| Investment Amount (USD) | \$ 45.00 million |
| Project Cost (USD) | \$ 52.75 million |



Project Description

According to bank documents, the project objective is to increase access to business support services and financial products targeted at MSMEs and entrepreneurs, especially women and youth.

1. Component 1: Enhancing financial inclusion and resilience of MSMEs (\$20.25 million). Component 1 will enhance financial inclusion through strengthening the delivery of efficient and reliable government-to-business (G2B) digital services to facilitate the establishment and operation of new businesses and reduce the time and cost of regulatory compliance which in turn will enhance access to finance and the competitiveness of MSMEs. It will also provide support for firms to be more resilient to shocks from climate, pandemic, and other natural disasters. The component will include activities that support (i) optimizing the outcomes of investments in G2B digital systems and processes made under the PSCED2 project, to strengthen inter-operability, efficiency, and impactful service delivery for businesses, particularly those receiving support under Component 2, (ii) improving financial access through upgrading the security and reliability of credit infrastructure and expanding access to digital financial services, and (iii) instruments to expand financial resilience for businesses to cope with disasters and other shocks to the economy. These instruments will be particularly beneficial to the private sector. The component will finance technical assistance, goods, training and capacity building programs, and recurrent expenditures, including operating costs.
2. Component 2: Scaling support for entrepreneurship and MSMEs (\$29.5 million). Component 2 aims to strengthen the nascent entrepreneurial ecosystem and access to early-stage finance for startups and youth owned businesses, support the digitization of MSMEs, and facilitate private investment in high-potential value-chains including encourage upgrading of skills and adoption of sustainable production practices by businesses to enhance productivity and green growth. The component will include activities that support (i) establishing an Entrepreneurship Hub and Seed Financing Facility to increase the quality and scope of integrated startup business support services and increase access to earlystage financing, (ii) scaling the current Lesotho Enterprise Assistance Program (LEAP) focusing on supporting MSMEs to adopt digital technologies that allow them to transact in the digital economy and upgrade their capabilities, and (iii) facilitating investment into productive value chains that are linked to local MSMEs. The component will finance technical assistance, goods, training, recurring expenditures including operating costs, grants, and investments in a “seed financing facility.”
3. Component 3: Overall project management and implementation support to the government (\$3 million) 35. Component 3 will provide support for the management and implementation of project-associated activities. Activities to be financed include salaries of project management unit (PMU) staff/consultants in areas of project management, project coordination, fiduciary specialists (e.g., procurement, financial management), monitoring and evaluation (M&E) specialist, a dedicated environment, and social safeguards (E&S) specialist, project communication, and citizen engagement. This component will also cover modest office equipment and independent audits and learning/training for the PMU and beneficiary agencies, through the official closing date of the project. It is expected that all consultant terms of reference (TORs) will clearly stipulate knowledge transfer and hands on training to ministry staff. Special attention will be devoted to promoting equal participation of women in all decision-making bodies under the project and contributing to tackling barriers in recruitment, retention, and promotion. This component will also support capacity building of the PMDU (Prime Minister’s Delivery Unit under the Cabinet Subcommittee on Trade and Investment), given the importance of the PMDU to delivering on the goals of the NSDP II and the related objectives of this project.



Investment Description

- World Bank (WB)



Contact Information

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ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: <https://www.worldbank.org/en/access-to-information/request-submission>

ACCOUNTABILITY MECHANISM OF THE WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. Information on how to file a complaint and a complaint request form are available at: <https://www.inspectionpanel.org/how-to-file-complaint>



Bank Documents

- [Project Information Document - Lesotho Competitiveness and Financial Inclusion Project - P175783 \(English\)](#) [Original Source]