Rural Finance Policy Development in Eastern and Southern African Countries: Contribution of IFAD-Supported Rural Finance Programmes

Annex 3. Country report for the Kingdom of Lesotho
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September 2014
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KMP is grateful to all the implementing institutions / individuals who contributed to the study either in discussions during the period of study visits or by communicating their ideas and opinions; their inputs and information have given useful insights to the study. Finally, KMP is grateful to independent consultants Mr Biswa Bandhu Mohanty for conducting the study and compiling the draft report, and to Dr Vitalis Musewe for reviewing, editing and structuring it.
Chapter 1

Introduction

1.1 Background to the study

In the backdrop of IFAD’s effort to improve livelihoods by enhancing access to financial services among rural communities, the Rural Finance Knowledge Management Partnership (KMP) carried out a study to find out how IFAD-supported rural finance programmes contribute to policy development in the Eastern and Southern African region. The focus of the study was on countries with active rural finance programmes and components—Ethiopia, Kenya, Lesotho, Mozambique, Swaziland, Tanzania, Uganda and Zambia—where IFAD has been increasingly engaged in policy dialogue with a view to influencing policy. The IFAD programme also seeks to influence policy to minimize adverse effects of global trends and maximize incentives and opportunities for the rural poor. Apart from challenges in the area of rural infrastructure, capacity of financial service providers and clients, other factors such as legislative, regulatory, supervisory and overall policy constraints often stand in the way of delivery of need-based financial services in the rural area. IFAD has been supporting capacity building of policy-making bodies, development of appropriate decentralized policy and practices, evolving market-oriented research/studies and dissemination of learning.

Considering the critical importance of creating finance policies that are appropriate to rural settings, KMP proposed to undertake a region-wide Study of Rural Finance Policy Development in the Eastern and Southern African (ESA) Countries—Contribution of IFAD-Supported Rural Finance Programmes, and to determine the way forward to addressing the key constraint—insufficient skills in information technology and insufficient exposure to skills required for good information management—mentioned above. The study covered all the eight ESA countries where IFAD had been active. For the study, KMP identified a consultant, Biswa Bandhu Mohanty, on account of his expertise and wide experience in rural finance.

1.2 Purpose of the study

The study was undertaken with the following overall objective: To produce a KM document for use by the stakeholders of RF programmes being implemented by IFAD in the 8 selected ESA countries. The specific objectives of the study were to:

• Identify major policy issues in ESA countries which IFAD projects have enabled to sort out/address during the course of implementation in the countries;
• Bring out successful strategies adopted/institutional mechanism used to influence policy issues, leading to fulfilment of programme objectives;
• List out country-specific policy issues in ESA, which have regional and
global implications/impact;

• Suggest sustainable institutional mechanisms that have to be put in place for policy exploration, research, debates and discussions for sharpening and furthering poverty reduction, access to financial inclusion, livelihood promotion and inclusive growth; and

• Suggest ways and means for enhancing knowledge management, sharing of experience/best policy solutions among the IFAD programme managers, partners and stakeholders for better programme implementation and speedier/effective policy development.

1.3 Target organizations for the study

In the 8 selected countries (Ethiopia, Kenya, Lesotho, Mozambique, Swaziland, Tanzania, Uganda and Zambia) the study targeted public and private institutions that have national responsibility for, as well as commercial interests in, rural development. They included Central Banks; Insurance Regulatory Authorities; Co-operative Regulatory Authorities; Ministries of the National Governments including Ministry of Finance (MOF), Ministry of Agriculture/Cooperatives (MOA); MF Associations, Co-operative Unions/Alliances; Apex Development Banks; Policy Research Agencies; and leading Civic Society Organizations (NGOs, CBO, etc).

1.4 Data collection methods and tools

Three main methods or tools were used in gathering data: (i) the questionnaire shown in Appendix 3.1 was designed to solicit views/inputs from the concerned IFAD officers at the project level in all eight countries targeted for the study. (ii) Interviews and consultations were used through face-to-face meetings and by e-communication. The consultant visited the capital cities of five of the target countries from 23 June to 9 July 2014; they, included Lusaka (Zambia), Dar es Salaam (Tanzania), Kampala (Uganda), Addis Ababa (Ethiopia) and Nairobi (Kenya). The visits facilitated interviews and discussions with officials of the institutions targeted in those countries. (iii) Intensive literature survey was used to collect information at country/institutional as well as regional and global levels. Since Lesotho was not visited the study was based mainly on study of national strategy documents. The list of documents consulted is given in Appendix 3.2.

1.5 About this report

This report focuses on the study findings with respect to RF development efforts, the contributions of IFAD RF programmes and the emerging policy issues and challenges and recommendations for addressing them for furtherance of rural finance policy in Lesotho. Although presented as a standalone report, it is intended that this report be read alongside the main study report which addresses RF issues that prevail regionally and globally.

It is also envisioned that the reader will seek to benefit from the following Case Study Reports attached to the main report as appendices: MFI Supervision
Directorate (MFSD) of the National Bank of Ethiopia (Appendix 5), Association of Ethiopian MFIs (AEMFI) (Appendix 6), Micro Finance Forum in Uganda (Appendix 7) and Developing Rural Finance Policy and Strategy in Zambia (Appendix 8). For the sake of comparison and regional learning, the reader should also seek to benefit from Country Reports for other ESA countries which constitute an important output of this study. The full list Country Reports includes Federal Republic of Ethiopia (Annex 1), Republic of Kenya (Annex 2), Kingdom of Lesotho (Annex 3), Republic of Mozambique (Annex 4), Kingdom of Swaziland (Annex 5), United Republic of Tanzania (Annex 6), Republic of Uganda (Annex 7), and Republic of Zambia (Annex 8).
Chapter 2

Study findings

2.1 Rural Finance Policy Initiatives and Positive Developments

2.1.1 General economic environment

Human development scenario

Lesotho is predominantly a mountainous land-locked country. Agriculture, which accounts for about 17% of GDP, is either the primary source of income or an important source for more than half of the population in rural Lesotho. Poverty, in Lesotho is deeply entrenched in rural areas, where 70% of the people live. More than half of the rural people are poor and more than one quarter of them are extremely poor. As a part of developmental efforts, particularly for addressing the challenges of rural poverty, several policy initiatives in the financial sector have been undertaken in the country.

National Vision 2020

The Financial Sector Development Strategy [FSDS] as developed by Government of Lesotho (GOL) with the support of World Bank is recognized to be crucial for fulfilling the objectives of the National Vision 2020 and the goal outlined in the National Strategic Development Plan [NSDP]. The NSDP focuses on six strategic objectives as listed hereunder:

- Improved access to finance;
- Increased alternatives for mobilizing financial resources;
- Promoting a saving culture;
- Improving financial sector efficiency;
- Bridging the skills gaps in the financial sector and increasing financial literacy; and
- Improving financial stability and soundness.

2.1.2 Legislative and policy initiatives

Financial Act, 2012

The Financial Act 2012 provides for authorization, supervision and regulation of banking, non-banking financial institutions and ancillary financial service providers. The Financial Act is forward-looking and contains several special features. Some of the features included (i) the authority of Commissioner in the Central Bank of Lesotho [CBL] for licensing, regulation and supervision of financial institutions, (ii) regulating provisions for agents of financial institutions, (iii) licensing of ancillary financial service providers, (iv) risk management functions
for officials, (v) prudential regulation of the deposit-taking bigger financial cooperatives, (vi) listing and registration as also categorization of the money all lenders, small, medium & large, (vii) Audit Committee and the provisions related to audit, and (viii) Fit & Proper Criteria for appointment of officials including Chief Internal Auditors, Compliance Officers in the financial institutions.

**COOPERATIVE SOCIETIES AMENDMENT BILL, 2013**

The Financial Sector Co-operative Policy was issued in 2009, by the Ministry of Trade, Industry, Cooperative and Marketing (MTICM) of the GOL. The Co-operative Societies Act is being amended with several refinements including introduction of dual supervision and regulation by the Central Bank of Lesotho (CBL) and the Department of Co-operatives [DOC]. While the CBL remains responsible for the prudential regulation of large Financial Co-operatives and primarily focuses on the deposit-taking institutions for deposit protection, the DOC assumes responsibility for registration of all co-operatives as well as prudential and non-prudential supervisory responsibilities for small financial co-operatives. The National Co-operative Policy had been developed with a focus on financial co-operatives [FC]. The Bill had been passed by Parliament. The new Act was envisaged to correct some of the anomalies of the earlier Act. It was expected that the new legal framework would facilitate orderly development of FCs and SACCOS.

**CREDIT REPORTING ACT 2011**

The Credit Reporting Act was enacted in 2011 and the implementing regulations gazetted in 2013, laying the foundation for establishment of a Credit Reference Bureau [CRB] in Lesotho. One company had been licensed by the CBL for the purpose. Access to reliable data-bases on credit information would facilitate credit delivery institutions in taking sound decisions in extending credit. The National ID Card System had been introduced and with the implementation of the ID system, the information held by the Credit Reference Bureau (CRB) would be more accurate and foolproof. The reporting / data-base frame work communication system for the participating institutions vis-à-vis CRB would be standardized. The CBL had already issued KYC guidelines. CBL supervisory measures would aim at ensuring that all licensed MFIs comply in providing credit information for the Credit Reference System.

### 2.1.3 Financial inclusion initiatives

**FINANCIAL INCLUSION IN LESOTHO PROGRAMME**

The Support for Financial Inclusion in Lesotho [SUFIL] Programme which focuses on increasing demand and broadening supply side was being implemented by the Ministry of Finance, GOL. The Division of Private Sector and Financial Institutions in the Ministry of Finance (MOF) was the focal point for the formulation of the National Literacy Policy and Financial Literacy Strategy and Action Plan. Agro-Extension Officers in all ten districts had assumed roles as Financial Literacy Officers. Financial consumer education was supported by SUFIL & CBL.
Besotho Enterprise Development Corporation [BEDCO], the Government-owned institution had assumed responsibility as the nodal agency for training and capacity building of new and existing entrepreneurs in SME sector.

**Friendly Societies Act**

The formation of VSLA, RSCGS, etc., which are instrumental in group lending at the grass root level, is registered under the Friendly Societies Act. These institutions are permitted to open deposit accounts.

**Financial Institutions (Money Transfer) Regulations 2014**

The GOL issued the Money Transfer regulations under the FI Act of 2012. The regulations include the provisions for licensing, supervision by the CBL and anti-money laundering to enable prudent money transfer business.

**Initiatives in Land Leasing and Entitlement**

The Financial Lease Regulation Act was enacted in 2013 and the Financial Lease Regulations there under were issued by the GOL in 2013 with a view to encouraging growth of leasing, particularly in SME sector. The CBL would issue guidelines for licensing of leasing business under the FIs [Credit only and Deposit-taking MFIs] regulations.

The reform of land titling, particularly by issuance of household titles, had facilitated enhanced bank lending.

**Micro Insurance Regulation**

Insurance Regulation Bill had been placed before Parliament for enactment, while the mandatory formal insurance was implemented within the provision of CBL regulation on micro insurance in 2013 in terms of which specific licensing needs to be obtained from CBL for the purpose.

**Initiatives in Guarantee System**

The Credit Guarantee Fund (CGF) mechanism was set up in 2004, as part of general strategy by IFAD to link rural informal groups with the banking sector with a capital of M 2.5 million. The CGF provides credit guarantee for loans extended by commercial banks to RSCGs. Credit guarantees covered up to 50% of the value of loan. Rural Savings and Credit Groups (RSCGs) are required to provide a cash collateral equal to 20% of the loan value, while the remaining 30% is the risk taken by the bank.

The Block Funding Scheme managed by the Ministry of Agriculture and Food Security [MAFS] envisaging technical support and 100% financial guarantee was a total failure.

The Partial Credits Guarantee Scheme [PCGS] had been operationalized since May 2012 with a corpus of LSL 50 Million. The funding by the GOL, World Bank and other donors provided for 50% of the value of the loans extended. It was
intended to strengthen commercial banks’ capabilities in dealing with farmers and MSMEs. The scheme had been designed on the lines of similar initiatives undertaken by the World Bank in other countries with positive results.

**INSTITUTION BUILDING AND TRANSFORMATION OF RURAL FINANCIAL INSTITUTIONS**

Lesotho Postal Services had been transformed into a fully-fledged and licensed banking entity, the Lesotho Postal Bank, with a mandate on savings, microfinance, payments and, above all, rural outreach. The transformation process had been facilitated by donor agencies like IFAD and World Bank.

The World Bank funded First Initiatives for the Department of Co-operatives [DOC], which included MBFI registration, SACO management, MF development, supervision, audit, book-keeping, etc.

**RURAL FINANCE INTERMEDIATION POLICY OF THE CENTRAL BANK**

A series of policy, legislative, regulatory and supervisory initiatives had been taken by the GOL and CBL for development of rural finance framework conducive to enhanced financial inclusion in Lesotho. For example, the CBL was promoting a policy for rural financial intermediation throughout the country targeting the low income and rural communities, and advocating linking of RSCGs with the formal banking sector under the linkage banking programme. It complemented the field staff of the Ministry of Agriculture & Food Security (MAFS) for training and capacity building of RSCGs through identified NGOs. Under the same policy the CBL entered into MOU with commercial banks to facilitate their participation in the linkage banking programme. The CBL had been managing Credit Guarantee Fund / Partial Credit Guarantee Fund referred to above.

### 2.2 Role and Contributions of IFAD’s Rural Finance Programmes

#### 2.2.1 IFAD’s rural finance programme in Lesotho - an Overview

IFAD has been active in Lesotho since 1980 and has supported agricultural development by investing a total of US $60.3 million US$ in 8 programmes and projects with the objective of reducing poverty in the country’s rural areas. Through the 7-year Rural Finance Intermediation Programme [RUFIP] being implemented in the country, IFAD has contributed significantly in the rural finance policy development of the country. The programme has an outlay of US$ 10.7 million with IFAD support for US$ 8.7 million [50:50 loan and grant] and Government of Lesotho (GOL) counterpart funding and contribution from communities amounting US$ 2 million. The programme has been effective from 31 March 2008 and is to be completed by 31 March 2015. The RUFIP with the following 4 components has contributed significantly for rural finance enhancement by creating conducive policy development and strengthening institutional architecture:

- Development of Member-based Financial Institutions (FIs) including Financial cooperatives, rural savings and credit cooperatives and other informal groups and societies;
- Facilitating the rural outreach of formal Financial Institutions, mainly focusing on strengthening of Lesotho Post Bank (LPB);
development of an enabling environment for micro finance (MF)/rural finance (RF), involving support for policy dialogue; and
• Programme coordination, monitoring and evaluation.

The contributions of IFAD for rural finance policy are discussed from the context and perspectives of RUFIP in the following paragraphs.

2.2.2 Capacity building support to policy-making institutions

Component III for Conducive Policy Environment has high prominence with 29% budget allocation under RUFIP. Although a considerable gap in terms of funds utilization and completion of the activities was apparent, a significant ground work in terms of facilitation to the Central Bank of Lesotho (CBL) and the Department of Cooperatives (DOC) for policy reforms had been done, culminating in various legislations and regulations. Much of the RUFIP support for CBL in the past had been focused on supporting Financial Institutions Act (FIA)-related workshops, review, consultations and dissemination of the FIA and supporting regulations for smooth transition and operationalization. Capacity building/exposures for officials of the Ministry of Finance (MOF), Ministry of Agriculture and Food Security, DOC, GOL, CBL, LPB and other key RUFIP-related institutions received focus under the project. CBL conducted the stake holders’ workshop on FIA 2012.

IFAD had consulted all development partners, while designing RUFIP and planning for other related initiatives. RUFIP support is committed to CBL for training, exposures and capacity in developing regulation and risk-based supervision of non-banking FIs, introduction and operationalization of new regulations and reporting framework under the provisions of the amended New FI Act. Similar support was envisaged for DOC. Exposure visits to Moshe University, Tanzania and SACCO Regulatory Authority (SASRA), Kenya were planned. Support for Financial Inclusion in Lesotho (SUFIL) would also be seeking support under RUFIP for capacity building in governance, HRD and product development, delivery of financial services/loan tracking system for the licensed FIs including MFIs.

2.2.3 Policy level Engagements

Engagement with financial sector steering committee

IFAD has been associated with Financial Sector Steering Committee, set up by GOL for review of activities and progress pertaining to financial sector development. The stakeholders’ consultations, discussions and exchange of ideas on the state of microfinance in the county were undertaken under the purview of the MF Forum set up under RUFIP. It is envisaged to have RF Forum 2014 to showcase activities undertaken under RUFIP. Case studies on policy and institutional development and regulatory and legislative initiatives, were also planned. RUFIP envisaged strengthening the Institution of MF Association for policy advocacy.

Policy engagements for regulation/supervision of cooperatives

The DOC could make significant progress on policy decisions for regulation and supervision of smaller rural Financial Cooperatives. Policy level engagements
for evolving cooperative sector policy and for improving legal framework of the financial cooperatives were taken up.

### 2.2.3 Financial cooperative apex body for self-supervision

RUFIP would support the DOC’s initiative in revamping of the Financial Cooperatives’ Apex. The DOC has envisaged undertaking forensic audit of one savings and credit society [Biblical Savings and Credit Co-operative] with a view to assessing its internal control system and thereby putting in place appropriate systems for better management and evolving prudential regulations under CBL. RUFIP is committed to support the DOC, GOL in its efforts in building up a Federation for small rural financial co-operatives with common IGA activities to facilitate their growth and market access.

### 2.2.4 Developing credit guarantee fund mechanism

IFAD had provided technical support for evolving Credit Guarantee Fund instituted at CBL level initially to enable RSCGs to access credit from the financial institutions. It also funded the study of guaranty fund by an international consultancy, Economist Association, in 2009, which had recommended that GOL should establish a new Guarantee Fund with adequate incentives to be managed with an independent/autonomous agency. The GOL had gone ahead with PCGF under a different framework, notwithstanding the recommendations. Thus, RUFIP’s further support to PCGF has since been made conditional to the GOL setting up an autonomous institution for this purpose. However, IFAD had been instrumental in ushering a policy and institutional framework for guarantee mechanism in the formative years and was expected that further understanding and co-operation would be mutually extended for furtherance of guarantee system in the country.

### 2.2.5 Enhancing policy perspectives for financial inclusion

Under the Component I of RUFIP, formation and capacity building of informal Savings and Credit Groups were facilitated, helping financial inclusion in rural areas. The mobilization of groups through financial, technical and promotional support led to their increased savings, lending and income generation. This development ushers new perspectives of policy framework for financial inclusion through linkage banking.

### 2.2.6 Lesotho Postal Services transformed to Lesotho Postal Bank (LPB)

Although the support provided under RUFIP to LPB in its transformation was more strategic and developmental, it also shows the way forward to the process of reorienting the policy framework of a postal service entity with pro-poor focus to enter the financial services sector, with attendant management, governance, credit policy and HRD efforts, etc. Since then, the MOF and Ministry of Communication have initiated measures for necessary changes in management/governance, etc of LPB for its sustainability and planned development. IFAD, under RUFIP, would collaborate in such efforts.
Chapter 3

Emerging issues / challenges and recommendations

3.1 Overview

As outlined in the earlier sections of this report, a series of initiatives have been taken by the Kingdom of Lesotho and the Central Bank of Lesotho, with the support of donor agencies, particularly World Bank and IFAD for development of rural financial sector. Major challenges include operationalization of the new Acts and regulations in the financial sector, compliance with various Legislations/regulations and harmonization of laws and regulations, implementation of the dual regulatory/supervisory regime in financial cooperatives, sustaining policy environment conducive to rural finance development and building up institutional architecture for KM/sustaining KM campaign. However, many more policy initiatives in terms of legislation and regulation are still required to be undertaken to reap full benefits of the existing initiatives. The issues and challenges, by sub-sector, and the suggested measures are outlined below:

3.1 Co-operative credit system

- Subsequent to enactment of the Co-operative Societies Act envisaging dual regulation, measures like defining various categories of financial co-operatives, delineation of role of DOC vis-à-vis CBL, facilitating graduation of small financial co-operatives for eventual prudential regulations by CBL, strengthening supervisory frame-work for all financial cooperatives under the purview of DOC, etc., need to be implemented.
- Audit System and frame-work including audit classification norms should be put in place for the financial co-operatives.
- Proper co-ordination between DOC and CBL should be established for orderly growth of co-operative sector.
- Credit co-operatives should be integrated with data-reporting system.
- Codes of standards and fair practices, financial education and grievance redressing mechanism should be put in place in the co-operative sector.

3.2 Payment and settlement system

- National Payment and Settlement policy should be formulated. Payment system legislation and comprehensive regulation there under should be enacted/operationalized for effecting electronic payment system, involving all categories of financial institutions.
- Government payments including social benefits should be transmitted in the electronic form to facilitate financial inclusion.
• Postal Bank of Lesotho should be facilitated for participation in the payment system.

**Mobile and Agency Banking**

• Mobilizing payment policy and frame-work should be put in place. The present limited avenues of taking No Objection Certificate [NOC] from the CBL under the guidelines, with reference to Section (6) of CBL Act need to be broad-based.

• The regulatory guidelines for agency–banking framework should also be framed / put in place.

**Micro Insurance**

• Comprehensive Micro Insurance Legislation and the regulatory framework thereto should be enacted leading to financial inclusion in rural areas.

• Insurance products beyond the financial insurance should be formulated to suit the needs of low income households in rural areas. These may cover crops, credit, life, livestock, health, etc. Distribution and delivery channels suited to the target market, which are cost-effective and efficient, should be explored.

• Financial education for popularizing micro insurance products should be up-scaled.

**Pension Legislation Regulations and Products**

• A statutory framework [law & regulation] for regulation of pension funds/social securities may be enacted to facilitate financial inclusion.

• A policy towards development of suitable micro pension schemes for the rural people should be framed.

• Government payments under the Welfare Schemes should be routed through the banking channels.

**Regulation and Supervision of CBL**

• Since CBL’s regulatory and supervisory role encompasses the banks, non-banks, financial co-operatives, MFIs, insurance, pension, etc., its supervisory capacity needs to be strengthened through HRD and organizational re-engineering measures.

• Prompt Corrective Action [PCA] frame-work should be put in place for enforcing regulations of various types.

• Voluntary codes of standards and fair practices for various categories of financial institutions should be encouraged by CBL and the Financial Consumer Protection Mechanism need to be strengthened.

• For capacity building of regulated entities, professionalization, KM and exposures should be encouraged. Institutions such as the Institute of Developmental Studies, the Centre for Accounting Studies, the Bankers’ Association, Basotho Enterprise Development Corporation, etc. could be roped into the capacity building framework to play supportive roles in bridging skill and knowledge gaps in the financial sector.

• Since CBL’s focus would be creating enabling environment [legal, regulatory
and supervisory] primarily for deposit-taking institutions, deposits safely mechanisms, such as deposit insurance, institutional protection and market intelligence should be put in place.

**LAND ADMINISTRATION SYSTEM**

- Introduction of electronic land register system would eliminate delays and difficulties experienced under the current manual system in mortgage process.
- The system of sale of property in case of default the borrowers may be simplified.

**FORUM FOR POLICY EXPLORATION**

- Steering Committee for Financial Sector legal systems within the Financial Sector Development Secretariat is operationalized. Micro Finance Forum has been instituted under RUFIP. It would be useful to have a broad based Rural Finance Development Forum involving all stakeholders, on a sustainable basis.
- Participatory policy-making mechanism involving both Off-site / online consultation and onsite discussions processes should be strengthened.
Appendices

Appendix 3.1. Study Questionnaire

1) Who are you? (Country Project Officer, Country Program Manager, senior Policy Adviser, PTA, Policy researcher, etc).

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2) In which country are you working?

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3) Using the format given below, please name IFAD-supported projects in your country, segregating those in operation and the completed ones.

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<th>Project title</th>
<th>Project period</th>
<th>Project’s broad components</th>
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4) According to you which are the most successful IFAD’s intervention in your country? Please specify reasons.

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5) Were there any major policy issue(s) pertaining to the project’s implementation in your country/ESA?

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6) If yes, what did the Government, regulatory agencies & other policy-making authorities do to resolve and subsequently improve the project’s implementation. (Please mention the project, policy constraints and the improvement made as indicated in the table)
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<tr>
<th>Project name</th>
<th>Policy constraints</th>
<th>Changes/improvements made</th>
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7) What methodology/approach was adopted to change/develop the *relevant* policy?

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8) Have there been any separate documentation done on new policy introduced, policy issues resolved and/or policy refinement/development contributed under the project implemented? If so, specify.

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9) Do you have any separate institutional mechanism in the project framework for review, debate, resolution & dissemination of policy issues? If so, specify.

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10) Was regulation and supervision of financial services institutions embedded within the Rural Finance Project as core component? If so, outline major interventions effected for improvement in regulatory & supervisory policy?

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11) How has regulation and supervision of financial services embedment in the Rural Finance Project been helpful in policy reforms in financial sector?

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12) What are the difficulties faced by IFAD in pursuing with policy-making authorities/promoting innovative policy framework?

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13) What could be the best/most feasible ways of bringing about necessary policy changes/reforms for a donor agency?

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14) Are there any seminar/workshop, training, sensitization, exposure programmes which are organized for stakeholders' capacity to look into policy issues/explorations as part of project implementation? If so, cite a few models.

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15) (a) What are the means adopted for dissemination of information/experience in policy issues at various levels including grass root level?

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(b) In your project, has there been a participatory approach as a method in making policy decisions? If so, cite instance(s)

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16) Is there any exchange forum(s) put in-place in your country/ESA for projects to exchange knowledge/experience? If so, how effective is the forum(s)?

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17) Is there any institution(s) in your country which can be banked upon for knowledge management in policy issues pertaining to project themes of IFAD? If so, give details.

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(a) Identify five major IFAD’s contributions in policy areas/issues in your country?

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(b) Give brief outlines of the above identified policy areas/issues.

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(c) Do you think any of the above is/are best practices/innovative which can be replicated in other countries?

18) Name five major unresolved policy issues (theme-wise) hindering project implementation in your country?

19) Would you advocate for policy development in core areas of IFAD support framework in your country/ESA? Give reasons for your answer

20) Do you have any other input having relevance to IFAD’s policy contribution in your country/ESA?
Appendix 2. References

1. Financial Institutions Act, 2012-GOL.
2. Credit Reporting Regulation, 2013-GOL.
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15. IFAD Website- Rural Poverty, Economy, Programmes, etc pertaining to Lesotho.
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