



# THE OFFICIAL LAUNCH OF THE TECHNICAL ASSISTANCE PROGRAM BETWEEN CENTRAL BANK OF LESOTHO AND ITS STRATEGIC PARTNERS

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## KEYNOTE SPEECH

BY

**THE HONOURABLE MINISTER OF FINANCE AND DEVELOPMENT PLANNING,  
DR. RETSELISITSOE ADELAIDE MATLANYANE**

**AT THE LAUNCH OF THE MINISTRY OF FINANCE AND DEVELOPMENT PLANNING, CENTRAL BANK OF LESOTHO, EUROPEAN UNION AND WORLD BANK FINANCIAL SECTOR TECHNICAL ASSISTANCE PARTNERSHIP AT LEHAKOE RECREATION & CULTURAL CENTRE**

**FRIDAY 17TH MAY, 2024**

The Programme Director,

Allow me to pay my respects to you and through you to:

His Majesty King Letsie III and Head of State

The Right Honourable the Prime Minister and Head of Government

The Honourable President of the Senate

The Honourable Speaker of the National Assembly

The Honourable Chief Justice

The Honourable Deputy Prime Minister

Honourable Ministers

The Governor of the Central Bank of Lesotho

Their Excellencies Heads of Diplomatic Institutions and International Organisations Head of Missions

Principal Secretaries here present

Chief Executives of all Private Sector Organisations and Corporate Bodies Present

Executive Management of the Central Bank of Lesotho

Members of the Media

Distinguished Guests

Ladies and Gentlemen.

## GREETINGS AND INTRODUCTION

1. It is an honour to be accorded an opportunity to officiate the launch of the financial sector technical assistance partnership between the Central Bank of Lesotho and the World Bank in collaboration with the European Union (EU). The partnership is a welcome innovation towards providing technical support aimed at achieving and maintaining monetary and financial stability in Lesotho. I must indicate that sustainable development requires innovative, appropriate and well-coordinated approaches and interventions. You will agree with me, Ladies and Gentlemen, that the achievement of sustainable growth and development

does not only depend on Lesotho's efforts alone but also requires the support and cooperation from her friends and partners such as the World Bank and European Union. The joint collaboration to fight against poverty and underdevelopment among the above-mentioned partners eliminates duplication of projects which thus minimizing costs of implementing development programmes and activities. I commend and thank the EU and the World Bank for agreeing on this partnership. I am very happy that the partnership is starting in the financial sector which remains the bedrock for sound and sustainable economic growth.

2. The partnership to support financial sector development is coming at an opportune time given the array of new challenges that require swift and decisive response. The Government of Lesotho is committed to the development of initiatives that shall enable affordable, appropriate, and quality financial services and products accessible to all sectors of the society heralding broad financial inclusion. It is a common course that financial inclusion within a complex and dynamic financial landscape requires appropriate strategic planning.
3. This has long been awaited, ever since we started the roundtable with our development partners, where we emphasised the importance of development partners consolidation of the assistance provided to us. No doubt, we appreciate the assistance that we get from our strategic partners, and in many instances, we find that the development assistance that we get is in similar areas. As such, there is a need to consolidate so that we do not duplicate efforts.
4. Today's collaboration is one example of such consolidation which I think is going to work to reduce the burden of uncoordinated assistance in terms of saving cost, saving money and time spent on doing similar things. Most importantly, building bridges to see that they work towards the same goal and they work together. If there is a hindrance to development is the duplication of efforts and working separately.
5. I want to commend the Central Bank of Lesotho as well as being the pioneer of this initiative. I want to point out that the government is committed to the development of this country. What we are looking into is to collaborate with the EU effectively and today's celebration is a classical example of that effectiveness.
6. There is no other way that we can develop if we still work in silos. Working together is, therefore, a move in stepping in the right direction, much more importantly, my joy is that it is starting with the financial industry, which is the backbone of economic development and the financial system has many many years to catch up on.
7. One of the things I will push for is financial intermediation. In our environment, the development of the financial sector is very key and strategic and it is a basic requirement for us to be able to develop the harmonization of financial inclusion efforts and the harmonization of legislation. The harmonization of regulating regimes is equally important.
8. Working together to see that financial infrastructure is similar and works is very important not only for Lesotho but for the region. We are working with a very tight global environment , a very challenging landscape characterised by shocks.

## **CONCLUSION**

9. In conclusion, allow me to highlight the importance of the technical support and express my sincere gratitude and thanks to the European Union and World Bank in assisting our country to build capacity in transforming the financial sector. Once again, may I strongly appeal to all stakeholders to ensure that the partnership deliver the deliverables as expected. With these few words I wish to officially launch the partnership and express my wish that we see to more of them in other sectors.

**Thank You for Your Attention Ladies and Gentlemen!!!!!!**

**Remarks by the EU Ambassador  
H.E. Paola Amadei**

**17 May 2024**

**I present my respects to His Majesty Letsie III and Her Majesty Queen 'Masenate, The Right Honourable the Prime Minister Mr. Ntsokoane Samuel Matekane, The Honourable President of the Senate, Mme Mamonaheng Mokitimi, The Honourable Speaker of the National Assembly, Mr. Tlohang Sekhamane, His Lordship the Chief Justice, Mr. Sakoane Peter Sakoane, The Honourable Deputy Prime Minister, Mme Nthomeng Majara, Ministers in His Majesty's Cabinet, and in particular: Honourable Minister of Finance and Development Planning, Dr. Rets'elisitsoe Matlanyane, The Governor of the Central Bank of Lesotho, Dr. Emmanuel Maluke Letete, Their Excellencies Heads of Diplomatic missions and international organisations and members of their teams, Representatives of Government Ministries, Representatives of Civil Society Organisations, Members of the Media,  
All protocols observed**

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Khotsong bo-'Mé le Bo-Ntate,

It is with great pleasure to welcome you to the official launch of the support programme between the Central Bank of Lesotho, Ministry of Finance and Development Planning, and its strategic partners, namely the European Union and the World Bank.

In Lesotho, as in many countries, reliable and effective financial systems are a basic pre-requisite of having a dynamic private sector that can thrive and create decent jobs. But they are also key players in the face of global economic shifts and fostering inclusive growth that leaves no one behind. And that is where their potential for transformative change lies. By coming together in partnership, we not only mitigate risks but also unlock opportunities for innovation, resilience, and sustainable development.

The importance of this collaboration cannot be overstated. The Central Bank serves as the cornerstone of Lesotho's financial stability and economic growth. Its effectiveness directly impacts the livelihoods of every citizen and the overall prosperity of the nation. By strengthening its capacities, we lay the groundwork for a more resilient and prosperous future.

Through this technical assistance programme, in which the European Union is investing a total of LSL 6 million (EUR 300,000), we will harness the expertise of the World Bank to enhance the capabilities of the Central Bank in key areas such as Financial Sector Development Strategy (FSDS), policy and regulatory reforms, increasing Electronic Payment Acceptance (EPA) and strengthening Credit Reporting System (CRS). By providing tailored technical assistance, we will empower the Central Bank to continue fulfilling its mandate, navigate complex challenges, and seize emerging opportunities.

Together with the World Bank we have been supporting 13 countries in Sub-Saharan Africa to develop more resilient and effective financial services. But the partnership with the World Bank is only one of the tools that the European Union has at its disposal to support the Central Bank and the Ministry of Finance and Development Planning. We currently have a technical assistant embedded in the Ministry and supporting it with public finance management reforms, and, upon request, can also mobilise other facilities, including support to financial institutions with capacity-building on cyber security.

But beyond the technicalities, the partnership between the Central Bank of Lesotho, Ministry of Finance and

Development Planning, European Union and World Bank signifies a deeper commitment to development and progress. It reflects a shared vision of a future where every individual has access to financial services, where economic stability paves the way for growth and prosperity, and where institutions are equipped to meet the evolving needs of our society.

It is also fitting that as we celebrate Europe month, we convene to launch a programme aimed at enhancing local capacities and setting the basis for future growth and prosperity for our partner country.

As we embark on this journey, let us do so with a sense of purpose, determination and solidarity. Let us leverage the collective wisdom and expertise of all stakeholders involved – majority of which are also present here today.

In closing, allow me to extend my sincere gratitude to the Central Bank of Lesotho and the Ministry of Finance and Development Planning for a continued fruitful partnership. May our combined efforts continue to bring improvements to the life of Basotho.

**Thank you.**

**Khotso. Pula. Nala.**

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#### **Background information:**

The technical assistance that the Central Bank of Lesotho will be benefiting from, is part of the Rapid Response Window for Investments and Business Environment facility – a European Union-funded, demand-driven facility implemented by the World Bank for the Sub-Saharan Africa region. The objective of this Facility is to support Sub-Saharan Africa partner countries – including Lesotho – to unlock private investments with a specific focus on job creation for youth and women.

The assistance provided will aim to strengthen the financial sector in Lesotho and enable better access to financial services for households and MSMEs in Lesotho. In doing so, it will also aim to address some of the persisting challenges faced by the financial sector in the country, namely:

- Advancing and finalising the development of the Lesotho's Financial Sector Development Strategy (FSDS) and setting high-level outcome targets in key financial sector domains;
- Identifying and prioritising set of legal, policy and regulatory reforms to be implemented during the strategy's implementation period;
- Increasing Electronic Payment Acceptance (EPA) both from the demand-side (i.e. consumers and merchants) and the supply side (i.e. payment service providers);
- Strengthening Credit Reporting System (CRS) to also complement the activities financed by the CAFI project and engaging in a policy dialogue with the authorities on the validity and feasibility of the policy, institutional and infrastructure reforms recommended by the initial assessments.

**Presentation on TA Program**  
**Ajai Nair - World Bank**

**17 May 2024**

**Honorable Minister, Governor, Ambassador, and esteemed colleagues,**

It is my privilege to be here and speak on this partnership between the Ministry of Finance and Development Planning, the Central Bank of Lesotho, the European Union, and the World Bank. This partnership builds on a partnership between the European Union, the World Bank, and the authorities in Eswatini and Botswana in the region, and in several other countries in Africa. I would like to thank the European Union for their support, which in turn is enabling the World Bank to technical assistance to country counterparts in these countries.

Let me briefly talk about three activities that would be supported under the partnership. First and most importantly, the partnership allows the World Bank to provide technical assistance to the Central Bank and the Ministry in developing the country's second financial sector development strategy. It will build on the first FSDS, for which the World Bank provided support in 2011-12.

Martin Melecky and Anca Podpiera, two colleagues at the World Bank have given a very good analogy for FSDSs. A good financial sector strategy (for that matter any strategy) is like a good travel map. It includes directions and gives a sense to travelers how fast to go but it does not guarantee that there won't be unexpected challenges that would need to be solved along the way. They start with a good analogy but more importantly also give evidence based on hard research. Based on data from financial sector strategies from 150 countries over 1985–2014, they find that the use of financial sector strategies helped increase financial sector deepening, inclusion, and stability, and this impact was greater for higher-quality strategies.

Martin and Anca also call to attention the unique challenge faced by financial sector strategies. A FSDS must balance the aim of increasing access to financial services for people, firms, and the governments with the need to ensure prudent management of systemic risk in the supply of these services. Additionally, in Lesotho, the FSDSII also needs to play the role of integrating the sub-sector strategies that are under development such as the financial inclusion strategy, the financial education strategy and the payments system strategy.

Second, this partnership will help the World Bank to undertake an electronic payment acceptance assessment and support the Central Bank of Lesotho and the Government in developing a roadmap to increase electronic payment acceptance by merchants, particularly small merchants. Similar assessments have been carried out in Egypt, Pakistan, Guyana, and Georgia, and are underway in several other countries. This workstream emerged from the key challenge many countries faced when they successfully increased digital person to person payments or government to person payments. Most recipients on receiving an electronic payment immediately cash out. It was identified that one of the main factors driving this behavior was the limited opportunities for the recipients to use the cash digitally in their purchases from local merchants. You will all be happy to learn that we have already initiated this diagnostic and two of my colleagues are in the country this week and are engaging with a wide range of stakeholders on this topic. The diagnostic will identify opportunities for actions that can be undertaken by the public and private sectors to enable a better electronic payment acceptance environment and change behaviors of individuals and firms.

Thirdly, the partnership will allow the World Bank to provide complementary support to the support being provided on credit infrastructure under the ongoing Competitiveness and Financial Inclusion Project, or as many of you know it, the CAFI project. Lesotho has made major improvements in the credit infrastructure over the past decade or so with the enactment of credit reporting and secured transaction laws, and establishment of an electronic collateral registry. This partnership will allow the World Bank to provide additional advice, as needed, on legal, regulatory and institutional reforms to further strengthen the credit infrastructure in

Lesotho.

Let me conclude by taking the opportunity, on behalf of the WBG, to thank the European Union for their support and the Central Bank of Lesotho and the Government of Lesotho for their willingness to engage the World Bank Group on this partnership.