



This edition of Catalyst is devoted to our Lesotho Apparel Project. During the first months of the year the apparel industry started to feel the bite of the weaker dollar and the demise of quotas following the expiry of the Multi-Fibre Agreement in January. Although Lesotho weathered the rough trading times better than other parts of the region, particularly South Africa, six factories closed and 6 500 jobs were lost. However, surge protection against Chinese apparel imports to the US has given the industry temporary relief. The signs are encouraging, with buyers returning to Lesotho and order books at some of the larger factories starting to fill to satisfactory levels. This subsector still provides employment for 45 000 workers.

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### **Ethical trading**

Increasing recognition of Lesotho as a global source of non-sweatshop-produced clothing is another encouraging sign. The ethical trading initiative is a partnership between organised labour, activist organisations and responsible retailers and brands. It attempts to address corporate social responsibility in the sourcing of goods from developing countries. It was established to promote good practice and implement codes of labour practice in factories around the world.

In May, Andy Salm, ComMark's textile and apparel specialist, attended the Ethical Trading Initiative Conference in London. International brands that took part included Gap, Nike and Levi Strauss. Retailers represented included Marks & Spencer, Body Shop, Mothercare, Next, Quantum Clothing, Sainsbury and Tesco Stores. Trade unions were well represented along with organisations campaigning for the improvement of global working conditions, including Clean Clothes Campaign, Central America Women's Network, Homeworkers Worldwide, the International Labour Organisation, Anti Slavery International and the UK Trade Union Congress.

The opening session focussed on Lesotho. Lakshmi Bhatia of Gap introduced the Lesotho apparel industry and the work the corporate social responsibility division of Gap is doing in this country. Nkopane Monyane of Lesotho Precious Garments and Shaw Lebakae, deputy general secretary of the Lesotho Clothing and Allied Workers Union also spoke. The theme was *The rationale for involving workers – why it makes sense for workers, suppliers and retailers/brands* followed by *A case study of how one retailer/brand has actively involved workers in code activities*. Precious Garments' factory was used for the case study and this session was well received by delegates.

At the conference, Andy was elected to the Multi-Fibre Agreement Forum Lesotho committee, which is addressing ways to mitigate the effects of the demise of quota.

The commitment of the ethical trading initiative to sourcing from Lesotho has been consolidated with a visit to Lesotho in August by a delegation representing the committee.

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### **Training unleashes talent**

Key to the industry's sustainability is increasing its global competitiveness, and the need to improve productivity underpins the launch of LNDC/ComMark's R7.5m training co-financing scheme in June 2004.

So far 33 firms and 16 training service providers have registered for the scheme. Most of the service providers are South African, though some are from as far a field as the US, the UK and Mauritius. A welcome move is that some of these training companies have formed partnerships with Basotho citizens and have started to employ Basotho staff.

ComMark has already committed itself to co-financing 25 training courses. The value of these is R1.2m, with another R1.3m coming from company co-financing. Some of the results have been impressive. Where these are measurable, such as productivity training, some firms have found their sewing production line outputs increasing by up to 25%. Other advantages are harder to quantify but are no less dramatic. Employees selected for training often view this as an affirmation of their value to the company and this itself transforms into increased motivation.

Also changing, according to the manager of one of the larger factories, is the mindset of the Southeast Asian investors, many of whom thought that the Basotho did not have the skills to reach supervisor and management level and are now accepting that, with training, they do. (See <http://www.commark.org/training>)

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### **Technical support**

For Lesotho to retain its apparel industry and attract new investment, the Lesotho government has realised the need to improve its investment climate, both from regulatory and incentive points of view. The ComMark team has provided technical expertise on a number of fronts including working with the Lesotho Exporters Association to develop a proposed system of incentives and assisting the Ministry to prepare a Cabinet Memorandum on this incentive package.

The availability of serviced industrial land has also been identified as a constraint. Consultants have been appointed by the Lesotho National Development Corporation, partly co-financed by ComMark, to assess the viability of developing Ha Tikoe, near Maseru. The report is due at the end of this month.

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### **Finding a fabric mill**

Lesotho has one denim textile manufacturing factory. However, most of the knitted fabric used in the country's factories is imported from the Far East. In terms of AGOA, by September 2007 Lesotho's garments made from these fabric sources will no longer be eligible for special preferences. Lesotho will have to source knit fabric from factories in Lesotho or from other AGOA-eligible states, or from the US. Significant progress has been made in identifying potential investors for a knitting mill in Lesotho. The Lesotho team has also assisted the Lesotho National Development Corporation to prepare and send out a marketing pamphlet targeted at regional fabric suppliers.

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### **Cultural assimilation programme**

Most investors in the Lesotho garment sector originate from Southeast Asia. They also bring out Chinese managerial and technical staff to work in their factories, while the workforce is almost exclusively local. This juxtaposition of radically different cultures has at times caused tensions between the two communities. This is exacerbated by communication difficulties as most of the Chinese speak Mandarin, very little English and no Sesotho.

ComMark is attempting to bridge this cultural divide with its cultural assimilation programme. The aim is to foster healthy industrial relations, which will lead to increased worker motivation and productivity. (See <http://www.commark.org/cap>)

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### **Tackling HIV and Aids**

The Lesotho garment industry employs mainly women, with an estimated 34% of the workforce being HIV-positive. ComMark has appointed a consortium of consultants, led by the Edinburgh-based HLSP, to test the feasibility of a long-term intervention to address the HIV/Aids pandemic in the industry. Work started in July and the research is expected to be completed later this month. A number of models will be presented. ComMark will then embark on the next stage of the project, which will be attempting to raise the minimum level of finance to launch the intervention.

The aim is to develop a comprehensive response to the disease from workers' primary health care, through education and prevention to voluntary testing and counselling and ultimately management of full-blown Aids through the roll out of antiretroviral drugs.

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### **Industrial diversification**

The Lesotho trade and industry ministry has asked the ComMark Trust to assist in the diversification of its manufacturing sector. The aim is to broaden Lesotho's manufacturing base, thereby giving the economy some measure of protection from the vagaries affecting textiles and apparel, its dominant manufacturing subsector. Kaiser Associates, based in Cape Town, have been selected and it is expected that fieldwork on this project will begin later this month. ComMark has been asked to help design the diversification and marketing strategies. The roll out of the strategy will be financed through Lesotho government resources and ComMark will continue supplying technical assistance. (See <http://www.commark.org/diversification>)

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