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MAPS Phase III
Private-Sector Diagnosis
Lesotho

Prepared for SAID/Lesotho

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Address Questions to:

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Order
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MAPS Phase III--Private-Sector Diagnosis--Lesotho

1. Objectives of the Study

1.1 The objective of MAPS Phase III, private-sector diagnosis, is to develop information on the perceptions of the business community regarding:

- Past, current, and future investment climate
- Resource constraints to business development in the country
- The effect of public policies on business growth
- The role and effectiveness of business associations
- Interest in existing and potential growth and investment opportunities.

To this end, a survey instrument was designed to gather data from all major subsectors in agriculture and agroindustry. The survey also included establishments operating in other sectors providing services to agriculture and agroindustry. (See Table 1 for the distribution of the sample by sector.) The topics covered by the survey included questions regarding the general business climate, and focused on perceived resource constraints in the areas of credit, labor, transportation, and land. In addition, it sought to gather information on associations serving private-sector businesses in the country. Finally the survey also sought to gather data on firm characteristics of interest (such as type of ownership, participation of women in the labor force, and market orientation). This information can be used to track changes in the private sector over time.

The survey was implemented by a Maseru-based firm, MB Consulting (MB).

1.2 Organization of the Report

The report is organized as follows. Section 2 presents the methodology used for gathering data on private-sector perceptions. This includes a discussion of the scope of the survey, the sampling frames, the stratification techniques, and the key issues addressed

by the survey. It also presents a discussion of the analytic tools used to understand and interpret the survey results.

Section 3 presents the major findings of the survey. It includes a description of the characteristics of the survey sample.

Section 4 summarizes the study's key findings and the implications for subsequent dialogue sessions and strategy formulation.

2. Study Methodology

2.1 Survey Instrument Design

The survey instrument was carefully elaborated in terms of substance and language. It is the result of close collaboration between USAID Mission personnel, the MAPS team consultants, and the survey team provided by MB Consulting.

- 2.1.1 *Initial version of the survey questionnaire was reviewed by USAID.* An initial version of the survey instrument was prepared during the first visit of the MAPS team in November 1988. All senior Mission staff had a chance to comment and suggest changes and additions to the questionnaire. On the basis of their comments and suggestions, substantial changes were made to the questionnaire. A final version of the questionnaire was drafted and approved during the consultant's visit in February 1989.
- 2.1.2 *Language was adapted to Lesotho environment.* After the contents of the questionnaire were agreed on, the language and format of the questions were revised with the help of the survey team provided by MB and the Project Monitor, Mr. John Lepele. Ambiguities in the meanings of some of the terms were clarified. The questions were formatted so as to facilitate postsurvey codification and data entry by using precoded responses.
- 2.1.3 *Survey was modified based on the pretest results.* Two experienced researchers studied the questionnaire and conducted the pretesting exercise. An initial interview was conducted with one firm operating in the textile sector in Lesotho in February and changes made in terms of coding categories. Additional interviews confirmed the reliability of the survey instrument. The results from enterprises chosen for the pretest were not included in the results of the full-scale survey.

Only minor changes to the questionnaire were required as a result of the pre-test, principally modifications in the response categories (the inclusion of Thaba-Tseka and Qacha's Nek in question 1, the inclusion of a "not applicable" category for question 48, the addition of a "don't know" category for questions 13 and 15, and the inclusion of a category "none" in question 33).

A copy of the final version of the survey instrument is provided in Annex A to this report.

- 2.1.4 *Interviewers were carefully supervised and trained by experienced supervisors. MB used two supervisors and three enumerators. The supervisors were experienced in survey work and the enumerators were university students chosen by MB for this exercise. Interviewers were trained in a classroom situation by two experienced survey supervisors. The supervisors arranged all interviews, accompanied the enumerators during their first interviews, and conducted spot checks on the work being undertaken by the enumerators, including contacting most firms interviewed, as necessary, to clarify responses.*

2.2 **Sampling Methodology**

- 2.2.1 *A sampling frame was constructed. There was no one source, such as a census of industries, that could serve as an adequate sampling frame for a survey of the scope that was desired. The sampling frame had to be constructed based on the registries of firms kept by the government at the district level. In the case of goat and sheep owners, these lists were complemented using the registries compiled by the goat and sheep owners associations. Thus the sampling frame is a composite of several distinct statistical population groups of owner/managers.*

It is likely that the registries compiled from the district offices understate the actual number of firms operating in the country. The registry is used by the government for tax purposes and there is a registration fee. Thus, some firms may have an incentive not to register in order to avoid paying taxes or the registration fee. On the other hand, the process of registering a firm in Lesotho is not cumbersome, the registration fee is fairly small, and the communities where the firms operate (except for larger urban centers such as Maseru) are also fairly small, so that evading the law is made difficult. Because of these factors, we can be fairly certain that the degree of underregistration is not very large.

In the case of the sheep and goat owners, the association lists are likely to represent only the larger, commercially oriented establishments. Since this was the target population for the purposes of the sample, the bias was not considered serious.

- 2.2.2 *A stratified random sample was drawn from each population group. Once a complete list of all firms in the sectors of interest was compiled from each district, the list of firms was arranged by sector. The total number of establishments in each sector was tallied and a simple random sample drawn. Thus, the final distribution of firms in the sample generally represents the distribution of registered firms in the country operating in the sectors of interest specified above.*

An exception to the methodology described above was made in the case of general dealers. This group represented more than 50 percent of registered establishments in the country. Because the survey was more interested in gathering data from *producers* and productive enterprises, their representation in the sample was reduced to 20 percent, in order to allow for a greater representation of other sectors in the sample. In addition, in cases where the random drawing process yielded only one establishment in a particular industry sector, another establishment was chosen in that same sector, so that there are at least two establishments for every industry sector specified in the sample.

Table 1 shows the distribution of firms by industry sector. Table 2 shows the distribution of establishments by district. *In almost every case the sample represents over 10 percent of the population in each industry sector, giving greater accuracy to the survey results.*

- 2.2.3 *The refusal rate was very low, reducing the likelihood that the survey results were biased. Table 1 shows that only 8 firms initially drawn for the sample had to be rejected (either because it turned out they were no longer operating, no longer met the size requirements, or refused to cooperate). This represents a refusal rate of about 7 percent, very low for this type of survey.*

On the other hand, difficulties establishing contact with some of the firms drawn for the sample (because they could not be reached in time by either telephone or post) meant that sometimes enumerators had to replace firms in remote

Table 1

**Sectoral Distribution of the 136 Enterprises
Included in the Survey**

Industry Sector	Total Number in Frame	Total Number in Sample	Percentage of Frame	Number of Rejections/ Refusals
1. Agricultural Products				
Poultry	60	8	13	0
Dairy	8	2	25	0
Goat	103	9	9	4
Sheep	31	3	10	0
Horticulture	28	3	11	0
2. Agroindustry				
Butchers	301	34	11	0
Textiles	104	11	11	0
Other Agroindustry	11	2	18	0
3. Services				
Dealers	1,062	28	3	1
Building	90	10	11	1
Transportation	112	12	11	1
Wholesale	48	6	13	0
Other Services	72	8	11	1
Total	2,030	136	7^a	8

^aAverage percentage.

Table 2

Distribution of the Sampling Frame and Sample by District

District	Total Number in Universe	Percentage of Universe	Total Number In Sample	Percentage of Sample
Maseru	763	38	51	38
Berea	148	7	9	7
Leribe	349	17	20	15
Butha-Buthe	193	10	18	13
Mefeteng	135	7	8	6
Mohale's Hoek	274	14	10	7
Quthing	104	5	8	6
Qacha's Nek	13	1	5	4
Mookho-Tlong	30	2	0	0
Thaba Tseka	21	1	7	5
Total	2,030	100 ^a	136	100 ^a

^aMay not add up exactly due to rounding error.

areas that were not available with other firms that were available. MB let the enumerators choose freely which firms in the area would be chosen as replacements, as long as they operated in the same sector as the firm that had to be rejected. In cases of very remote areas, where no interviews could be prearranged, the enumerators were given full freedom to choose all the firms in an area (again, as long as they kept the sectoral distribution of selected firms equal to the actual sectoral distribution in the area). We cannot ensure in these cases that the enumerators chose the firms in a completely random manner, but because this occurred fairly infrequently, we can conclude that the possible bias in responses introduced by this methodology is not large.

2.3 Survey Analysis

- 2.3.1 All survey variables and responses were coded, entered and processed by the MB survey team. *The data were analyzed using SPSS, a common software for statistical analysis in the social sciences.*
- 2.3.2 Most of the questions in the survey have scaler or categorical response measures. Thus, rather than computing a measure, such as the mean response, that is more appropriate when the response is measured in an ordinal scale, only relative frequency distributions are shown.
- 2.3.3 The first output produced from the survey data was a complete set of frequency tables--a sample count of the number of respondents per answer per question. The frequency distributions for all responses are shown in Annex A of this report.
- 2.3.4 *Contingency tables, or "cross-tabulations," were prepared in order to examine the effect of firm size (using number of employees) and economic activity (sector) on the responses.*
- 2.3.5 A graphics and spreadsheet program was used to construct the graphics and the charts included in this report.

3. Results of the Survey

This section first presents descriptive data on the firms sampled. Subsequent sections discuss how perceptions regarding the environment, government policy, resource constraints, and opportunities are distributed by firm size and, where relevant, by sector.

3.1 Description of the Sample

- 3.1.1 *The sample covered all major urban areas and districts in Lesotho. Exhibit 1 shows the geographic distribution of firms in the sample. It reflects the distribution of registered firms in the country operating in the sectors of interest. Approximately 60 percent of the firms are located in the urban centers of Maseru, Butha Buthe, and Leribe.*
- 3.1.2 *Most of the firms in the sample employ less than 10 people. The mean number of workers employed by the firms in the sample was 31; the median was 9. Exhibit 2 shows the distribution of the sample by size category. For the purposes of analysis, those firms employing less than 10 people were classified as small, those employing between 11 and 50 were classified as medium, and those employing more than 50 were classified as large. This classification has relevance for the subsequent analysis because firms in each of these size categories often have very different response patterns.*
- 3.1.3 *Fifty-three percent of the sample is directly involved in agriculture or agroindustrial production. The remaining firms operate in the services sector. Exhibit 3 shows the distribution of the sample by type of economic activity. Annex A (questions 6, 7, and 8) shows the distribution of the sample by industry subsector.*
- 3.1.4 *The large firms are almost equally divided among all three industry sectors. The small firms tend to operate in the agroindustry sector (49 percent). The majority of the medium sized firms (75 percent) operate in the services sector. Exhibit 4a shows the size distribution of firms by sector. Annex A (questions 6, 7, and 8) shows the distribution of firms by economic activity for each major sector.*
- 3.1.5 *Most firms in the sample are oriented towards the domestic market. Over three quarters of the respondents (78 percent) reported selling in the domestic market only. Those that reported some exporting activity were more likely to be selling to the Republic of South Africa (RSA) than to any other area (Annex A, question 9). Agriculture producers were most likely to report exporting activity to the RSA (50 percent of commercial agriculture producers report exporting, and 42 percent export primarily to the RSA), while firms operating in the services sector and agroindustry were most likely to be oriented to the domestic*

market. (According to the survey 77 percent of agroindustry firms and 89 percent of the services firms sell exclusively to the domestic market.)

3.1.6 *Approximately 30 percent of the respondents reported some type of foreign ownership. Agriculture and agroindustry firms are more likely to be Basotho owned, service sector firms are most likely to be foreign owned. Exhibit 4b shows the distribution of ownership by sector and size of firm. Foreign ownership was most likely to be South African (Annex A, question 11).*

3.1.7 Women are most likely to be employed by the larger service sector firms and the smaller agroindustrial firms. About a quarter of the large firms have work forces consisting of more than 75 percent women, while only 5 percent of the medium sized firms do (Exhibit 5).

3.2 **Perceptions Regarding Business Performance and the Business Environment**

3.2.1 *While the majority of all firms (55 percent) believed that the business environment in Lesotho has improved over the last year, larger firms were more likely to believe this than small firms (Exhibit 6). Agroindustrial firms of all size categories were least likely to believe that the business environment had improved. These results match the data from the Description of the Private Sector compiled by MB Consulting. Statistics for the 1980-1989 period show that most of the growth in the economy has come from the larger firms. Smaller enterprises, particularly in agroindustry, have experienced no or negative growth.*

3.2.2 *Firms operating in all sectors felt that their business performance was most affected by input prices (Exhibit 7). Commercial agriculture producers in particular, as well as the smaller firms, felt most affected by input prices. Responses to other questions (Annex A, question 39) suggest that the high cost and inadequacy of transport may be affecting input prices. Lack of access to finance (see question 39 in Annex A, Exhibit 8, and point 3.2.3 below) means that most firms are not in a position to spread the cost of inputs over time.*

3.2.3 *Firms in Lesotho, particularly small firms, rely heavily on their personal funds for capital (Exhibit 8). This fact may explain why, according to Exhibit 7, most firms in Lesotho feel relatively unaffected by matters related to credit (collateral requirements, and interest rates). Collateral*

requirements and high interest rates may inhibit access to formal capital sources (and responses to questions 34 to 36 in Annex A suggest that this is indeed the case), and this may in turn affect such factors as access to inputs. However, collateral or interest rate policies can only affect directly those firms that are actually using credit from external (non personal) sources. Since these are relatively few, only a few firms in the sample appear to be affected.

- 3.2.4 *Less than 30 percent of all firms interviewed reported growth in sales volume of more than 20 percent over the last year, but more than 50 percent of the large firms and agriculture production enterprises reported growth exceeding 20 percent over the same time period (Exhibit 9). Generally commercial agriculture producers of all sizes were more pleased about past performance and optimistic about the future than firms in other sectors. Again, these results confirm the data from the Description study, which showed that smaller firms have performed poorly over the last 5 years.*
- 3.2.5 *Smaller firms and commercial agriculture producers are more likely to believe that sales performance has been hindered most by competition from local firms (Exhibit 10). Large firms were more likely to feel that their sales had been most affected by competition from the RSA, reflecting the fact that the majority of these firms were selling their products in the RSA (see point 3.1.5 above).*

Exhibit 10 also shows that lack of access to production technology is primarily a problem for commercial agriculture producers. Lack of market infrastructure is perceived as a serious problem by almost 1 of every 5 firms in all sectors and size categories.

- 3.2.6 *Many firms operating in agriculture **do not** believe that this activity offers the best return on investment. Though 43 percent of the respondents believed that agriculture and agroindustry offered the best prospects for profits (Exhibit 11), 53 percent of the sample operated in these areas. This suggests that a significant proportion of firms currently operating in agriculture **do not** believe that this is the most profitable sector. On the other hand, while less than 10 percent of the sample were involved in manufacturing activities, 22 percent of respondents believe that this area offers the best return on investment. Respondent perceptions again match results from the Description study, which showed that most of the growth in the economy in the*

1980's has come from the manufacturing sector, while agriculture has remained fairly stagnant. Exhibit 12 shows that service-sector firms are the most likely to believe that manufacturing offers the best return on investment. Only 4 percent of the agricultural producers believe that manufacturing offers the best return.

- 3.2.7 *Respondents believe that the most profitable areas within agriculture/agroindustry are brewing products, butchery, wool and mohair, and poultry production. Exhibit 13 shows that while less than 8 percent of the sample operated brewing establishments, twice that many respondents perceive that this area offers the best return for investment.*
- 3.2.8 *Only 9 percent of all respondents reported an interest in exporting (Exhibit 11). In part this may have to do with the relative lack of knowledge available on international markets. While 60 percent of respondents said they had adequate information about the local market for their product, only 21 felt they had adequate information on the international markets (Annex A, questions 40 and 41). The survey results suggest that there are very few formal sources of such information available. Personal contacts and trade journals are the most important sources for the Lesotho entrepreneur (Annex A, question 42).*

The lack of enthusiasm for exporting activities may also reflect the dampening effect competition from South African companies may be having on local firms. It may be that exporting is not perceived as profitable because entry into this market is made so difficult by foreign competitors.

3.3 Perceptions Regarding Government Policy

- 3.3.1 *Service-sector firms, which also tend to be foreign owned, were more likely than other firms to perceive that the government's tax policies had the largest effect on their past business performance (Exhibit 7).*
- 3.3.2 *Government policy regarding land tenure and titling was most likely to be perceived as a constraint to business development by service-sector firms. Service-sector firms were most likely to feel that there is confusion regarding land titling and that this lack of defined policy regarding tenure and titling hinders business performance (Exhibit 14; see also Annex A, questions 23, 24, and 25). Firms operating directly in agricultural production and agroindustry by and large do not believe that access to land is a problem. The lack of understanding of tenure policies*

is in part a function of the type of ownership. Foreign-owned firms, primarily located in the services sector, were most likely to be confused over tenure issues.

- 3.3.3 *Few foreign firms believe that the current Government of Lesotho incentive policies have a large effect in their investment decisions regarding personnel training and physical capital improvements.* While 59 percent of foreign firms (and 51 percent of all firms, see Annex A, question 27) reported investing substantially in employee training, **none** reported doing so because of special tax breaks for training. While 52 percent of foreign firms said they were "very interested" in investing in physical plant improvements, only 14 percent said it was because tax advantages made it attractive to do so. These results suggest that Lesotho's incentive schemes, as designed under the Pioneer Industries Encouragement Act, are having very marginal effects on business decisions. The incentives under this act permit allowances on machinery and equipment, factory buildings, and employee dwellings. It also includes a 110-percent annual contribution to the cost of training local employees. But responses suggest that few of the firms sampled, particularly the foreign firms, are finding those incentives relevant. Exhibit 10 shows that few of the firms interviewed thought that Government of Lesotho tax incentives had affected more than marginally their business performance last year.

3.4 **Perceptions Regarding Resource Constraints Affecting Productivity.**

- 3.4.1 *The key resource constraint faced by firms in all size categories is access to credit.* Exhibit 15 shows that smaller firms and firms operating in the services sector were more likely to believe that this was the most important constraint hindering business performance. Table 3 provides a rank order of resource constraints by size and sector, based on an index constructed from the responses to question 22 in Annex A. It shows that credit was perceived as the most important resource constraint by all but commercial agriculture producers.
- 3.4.2 *The smallest firms have virtually no access to formal sources of capital (Exhibit 8).* Medium-size and large firms were most likely to receive more than 50 percent of their capital from commercial banks. Large firms were most likely to get more than 50 percent of their capital from the RSA (50 percent). Miner remittances play only a very small part in business finance. Miner remittances are currently being

used as a source of capital by less than 10 percent of the firms sampled. These firms are all small.

- 3.4.3 *Commercial agriculture producers were more likely to feel that access to inputs is the key constraint to business productivity (Table 3 and Exhibit 15). Credit and transport are also major bottlenecks for firms in this sector and, in fact, may account for many of their difficulties regarding inputs. (See Annex A, question 39, and point 3.2.2 above.)*
- 3.4.4 *Larger firms and commercial agriculture producers were more likely than firms in other categories to perceive that lack of adequate transport facilities and infrastructure was a constraint. See Exhibit 15, Table 3, and point 3.2.2 above.*
- 3.4.5 *Professional and technical skills are scarce in Lesotho. While access to labor resources was not perceived as a serious constraint relative to other factors (Exhibit 15 and Table 3), some labor skills were perceived to be in short supply. Exhibit 16 shows that almost three quarters of respondents in most sectors and size categories believe that professional skills are the most difficult to find locally. Agriculture sector firms, however, were most likely to perceive difficulty in finding persons with good technical skills.*
- 3.4.6 *Foreign-owned firms, which tend to be larger and operate in the service sector, were most likely to feel that they had to invest substantially in employee training. While 59 percent of foreign-owned firms believed that it was necessary to invest substantially in employee training, only 45 percent of Basotho-owned firms felt that much substantial employee training was necessary. Sixty-seven percent of service-sector firms felt that they needed to invest substantially in training their employees, compared to 41 percent of agroindustrial firms and 33 percent of commercial agricultural producers.*
- 3.4.7 *The majority of enterprises in the sample (57 percent) are most interested in developing alternative/new sources of finance (Exhibit 17). Exhibit 17 also shows that approximately 50 percent of the sample would like to invest in improving or expanding their physical plant. Larger firms are more likely to be interested in investing in physical capital improvements and marketing. The smallest firms are interested primarily in developing new sources of finance.*

Table 3

**Rank Order of Resource Constraints Faced by Firms in Lesotho
(by size and sector)**

By Size		
<u>Small Firms</u>	<u>Medium Firms</u>	<u>Large Firms</u>
Credit	Credit	Credit
Inputs	Inputs	Transport
Land	Land	Inputs
Transport	Transport	Labor
Labor	Labor	Land
By Sector		
<u>Commercial Agriculture</u>	<u>Agroindustry</u>	<u>Services Sector</u>
Inputs	Credit	Credit
Credit	Inputs	Inputs
Transport	Land	Transport
Labor	Labor	Land
Land	Transport	Labor

3.5 Implementing Agents

The results highlighted above suggest that there are some key bottlenecks to private-sector development in the country. The question then arises: how to reach the private sector? Survey results suggest that entrepreneurs in Lesotho tend to belong to at least one business or trade association.

- 3.5.1 *Seventy percent of the sample reported membership in at least one association. Membership in an association varies by size and sector. Exhibit 18 shows that almost all commercial agricultural producers sampled (83 percent) belong to some association, while less than 70 percent of agroindustrial and service-sector firms report any membership. Most of the small firms (almost 80 percent) reported belonging to some association, compared to approximately 60 percent of the medium and large firms.*
- 3.5.2 *Most of the firms that belong to an association belong to the Lesotho Chamber of Commerce (Annex A, question 48).*
- 3.5.3 *Firms were most interested in having business associations provide marketing information. Fifty-seven percent of all respondents expressed at least some interest in having business associations provide assistance in this area (Annex A, question 50). More than 77 percent of all firms interviewed expressed at least some interest in improving their marketing (Annex A, question 43), but no one association seems to be providing adequate services in this area. Less than 30 percent of respondents were deriving their information from any trade association (Annex A, question 42).*

Large firms were most interested in assistance with providing of personnel training and feasibility studies (Exhibit 19).

Small firms are most interested in getting associations to provide assistance in the area of access to credit and marketing information (Exhibit 19).

4. Implications for Dialogue and Strategy

- 4.1 *During the initial visit of the MAPS team, credit was identified as a constraint to business development in the country. The results from the survey confirm this as the single most important resource constraint for all but the*

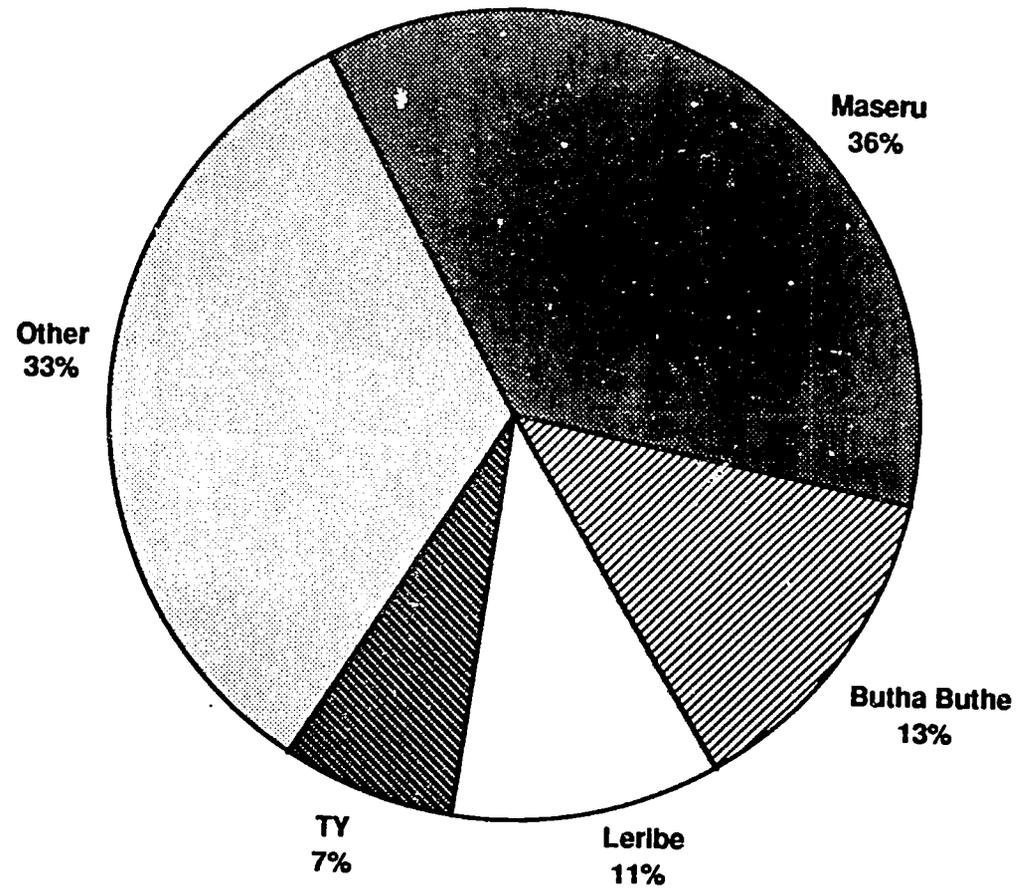
largest firms. Data on the finance sector, however, suggests that there is excess liquidity in the financial sector. The nature and extent of this excess liquidity will be defined by the Description of the Private Sector. Attention should be directed to the productive use of liquidity. Dialogue with the Government of Lesotho should concentrate on the performance of development banks and consideration should be given to an indepth study of the constraints and perceptions of the finance sector.

- 4.2 *As noted earlier, a large percentage of the firms sampled belong to the Lesotho Chamber of Commerce (LCC). This raises the possibility that the LCC may be an effective institution for channeling assistance and support to enterprises in Lesotho and an effective tool for promoting greater linkages between the small and larger firms.*
- 4.3 *Survey results suggest that skills training in the country is not meeting the needs of firms, particularly those operating in the service sector. Businesses and associations should focus on the specific skills required by the private sector and greater linkages between the business community and the educational institutions created. Such linkages can be promoted through internships, consultancies, and so on. Dialogue with educational institutions, government, and businesses should explore these and other possibilities.*
- 4.4 *Few of the firms sampled believe that the Government of Lesotho's incentive packages as currently designed are having an impact on their physical capital and employee training investment decisions. Dialogue with the Government and private entrepreneurs may seek to focus on the incentive scheme issues. This issue may merit further study. If tax advantages and incentives are regarded as largely irrelevant, the Government may wish to consider restructuring or eliminating some of these incentives. Incentives are costly to the government in terms of administration and foregone revenue. They may also be diverting scarce investment resources away from efficient industries.*
- 4.5 *Government land-tenure policies are confusing to foreign firms. Confusion regarding tenure rights and land titling may be inhibiting the firm's ability to expand, and may be affecting the ability of Lesotho to attract foreign investment.*
- 4.6 *The sampling frame constructed by MB has produced a valuable and comprehensive list of all private-sector establishments registered in Lesotho, by sector and district. A computerized*

data base that will be easy to update periodically and can be of use in any subsequent primary research undertaken in the country can be produced from this list. It can also serve as a resource that the Mission (particularly a Private-Sector Advisor) can use to identify and establish contact with entrepreneurs operating in areas of interest.

Exhibit 1
Description of the Sample:
Geographic Location

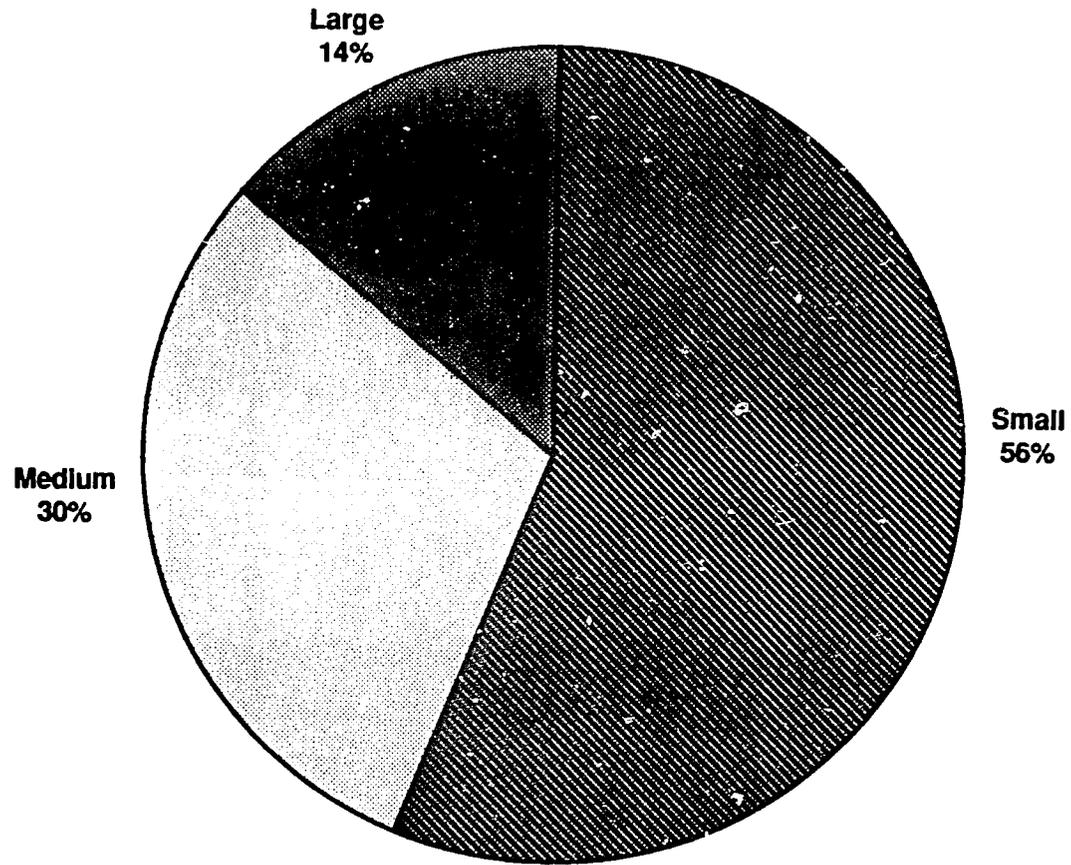
Question 1



N = 136

Exhibit 2
Description of the Sample:
Size Distribution

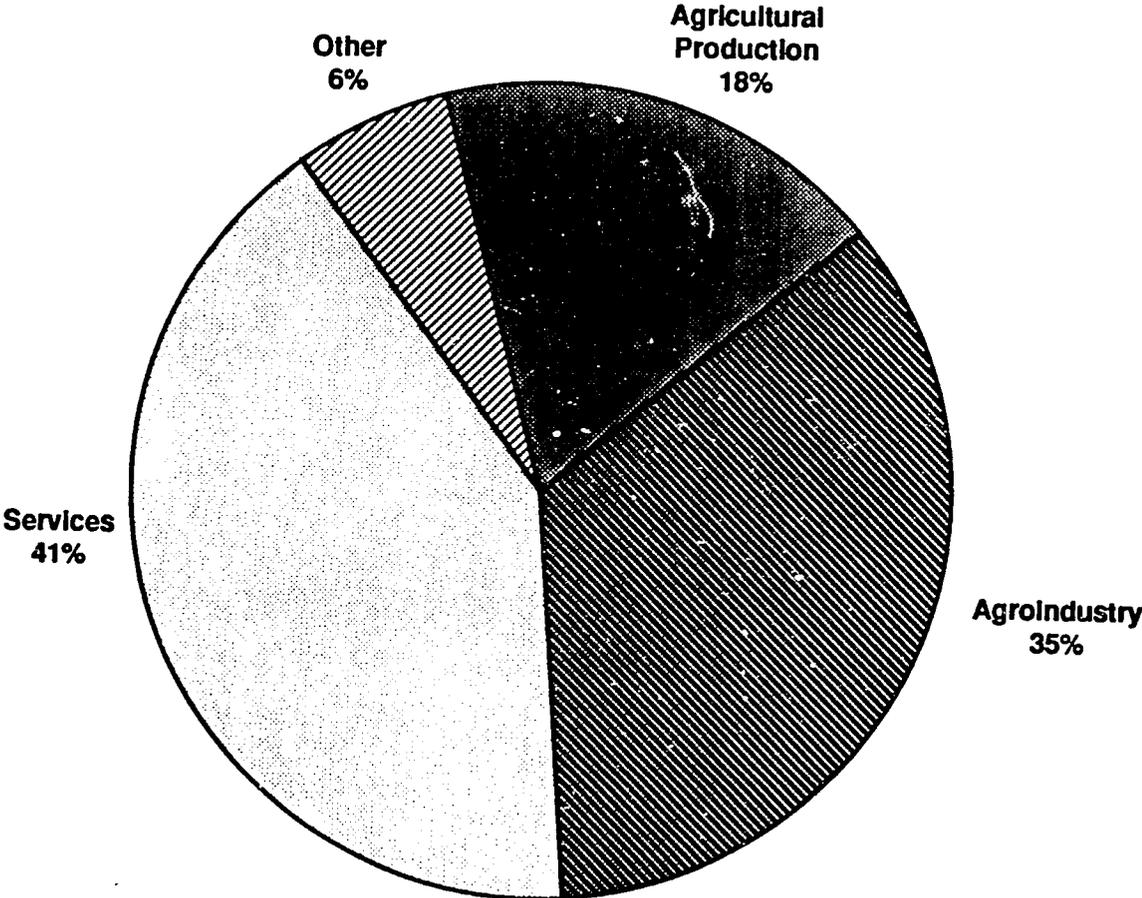
Question 2



N = 135

Small = 1 to 10 Employees
Medium = 11 to 50 Employees
Large = More Than 50 Employees

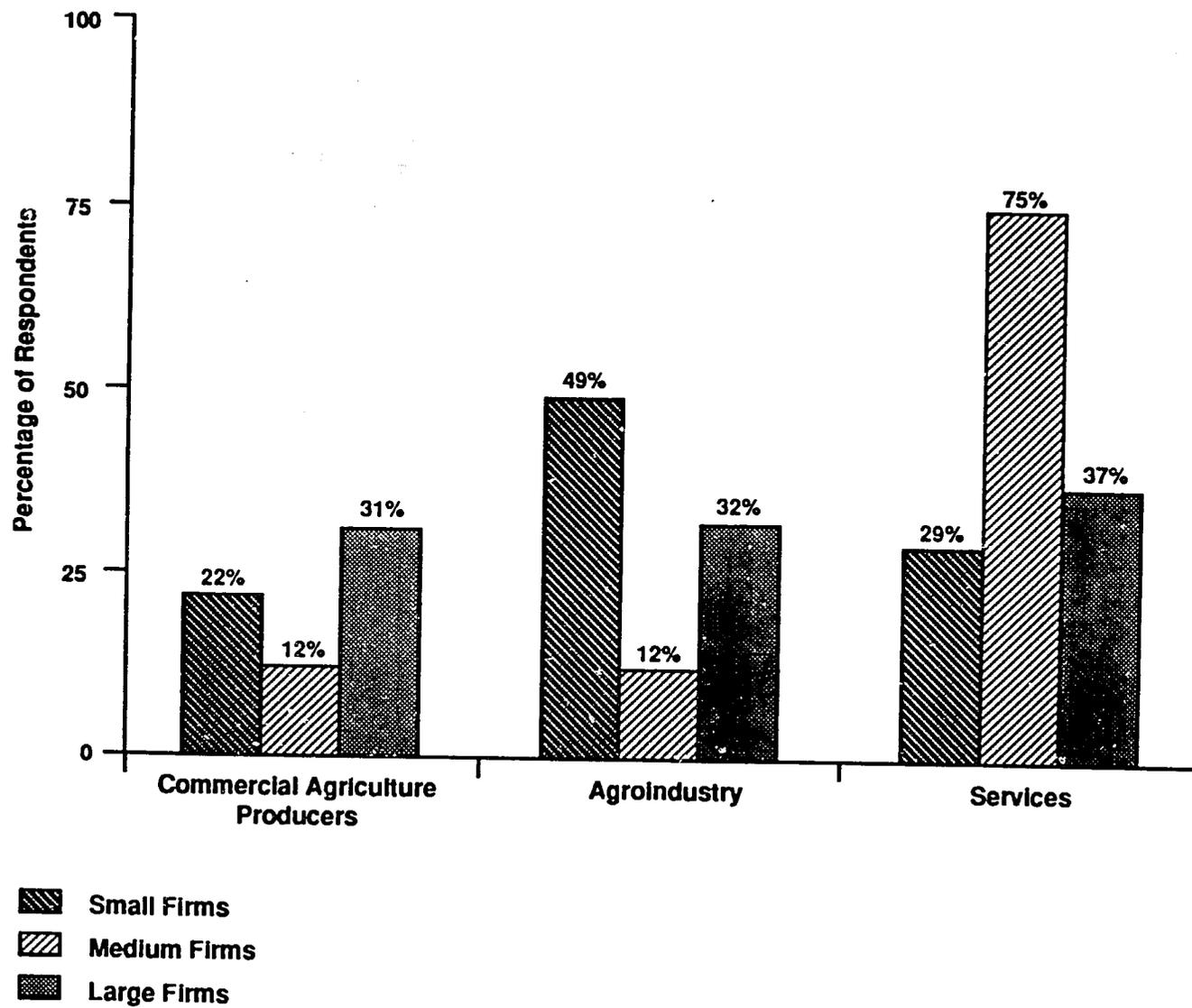
**Exhibit 3
Description of the Sample:
Sectoral Distribution**



N = 135

Exhibit 4a Size Distribution by Sector

Question 5 (T.4)



**Exhibit 4b
Foreign Ownership by Size and Sector**

Questions 2, 5, and 11

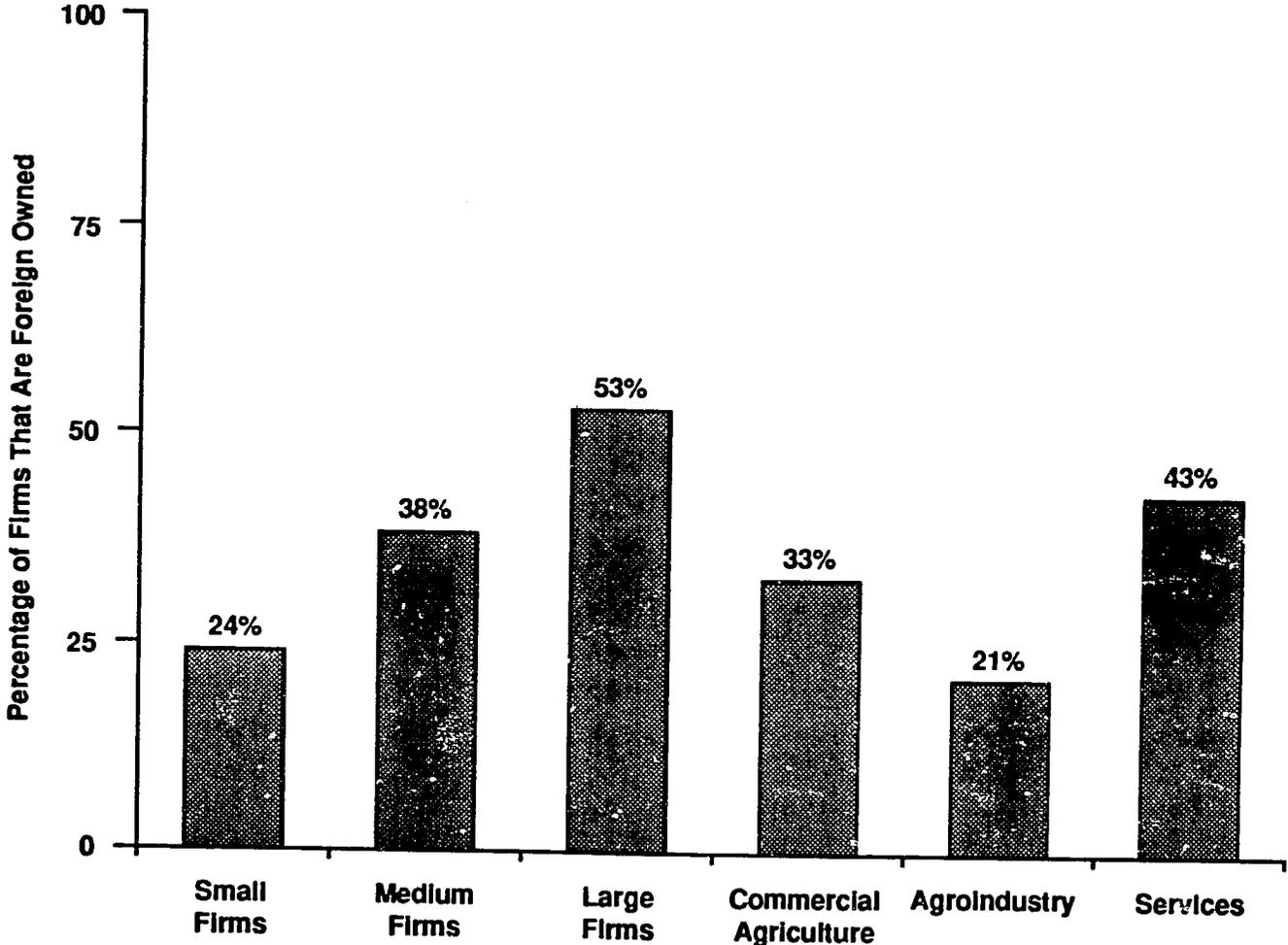


Exhibit 5
Percentage of Workforce That Is Female

Question 3 (T.3)

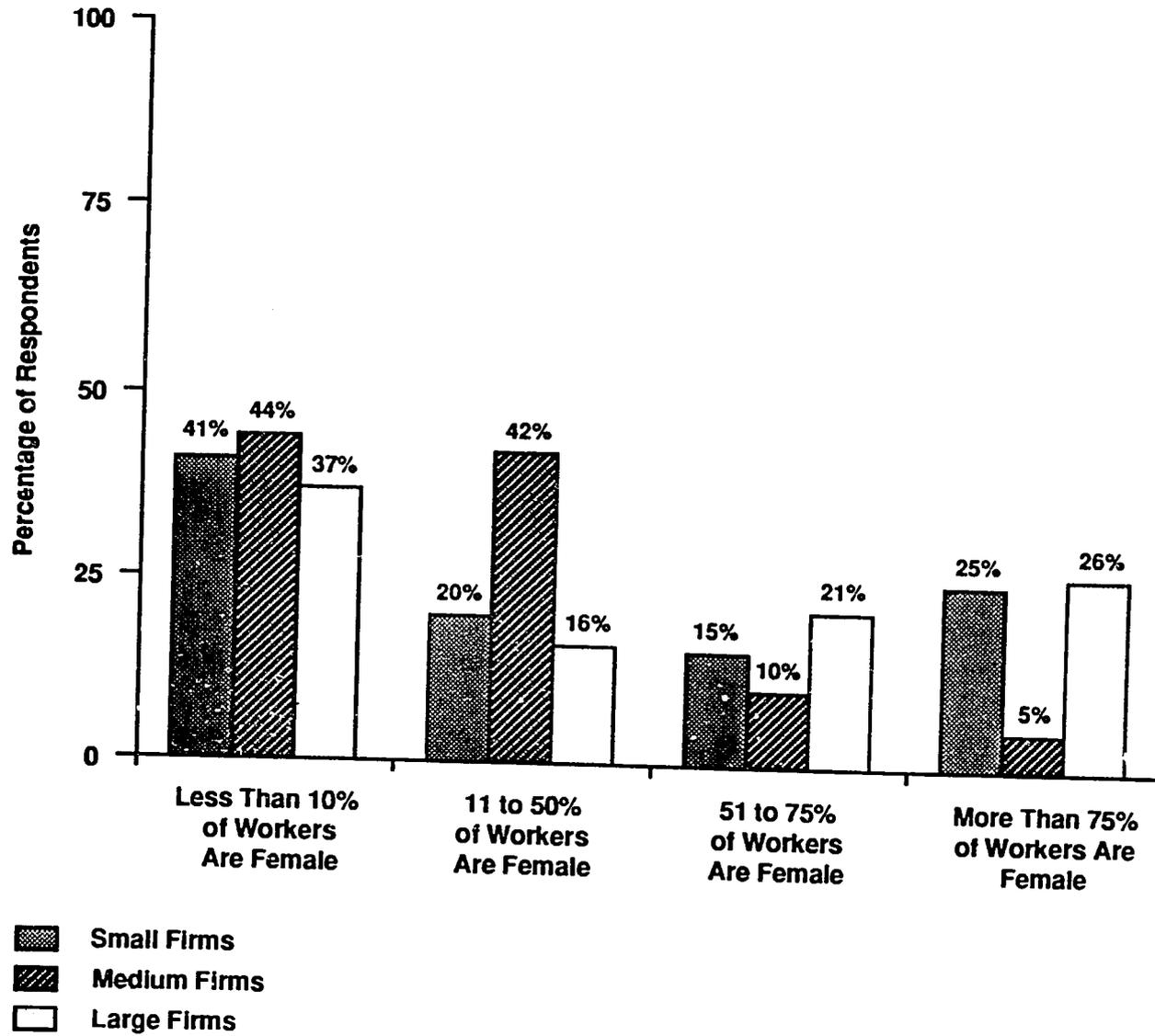


Exhibit 6 Perceptions Regarding Business Environment

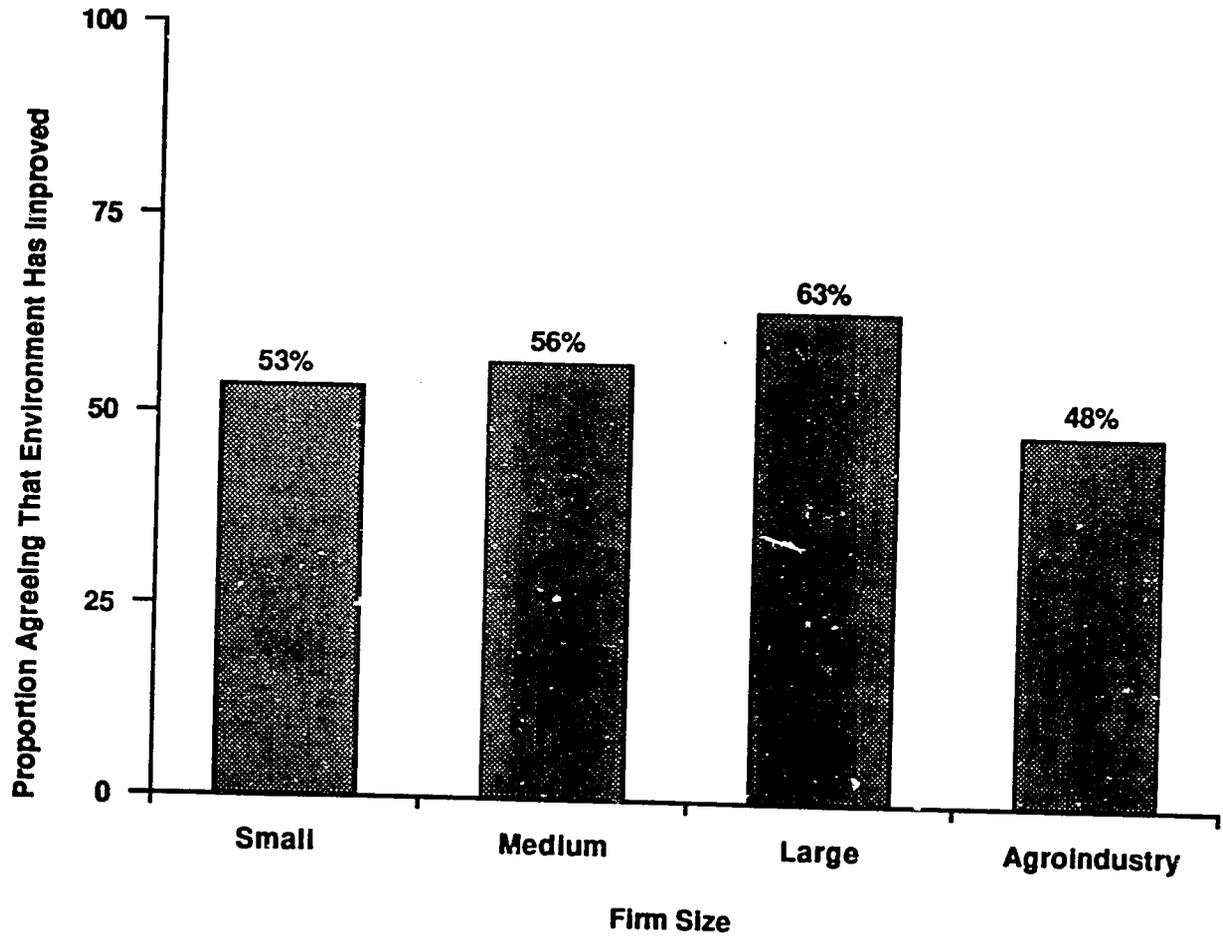


Exhibit 7
Factors Believed To Have Largest Effect on Business Performance

25

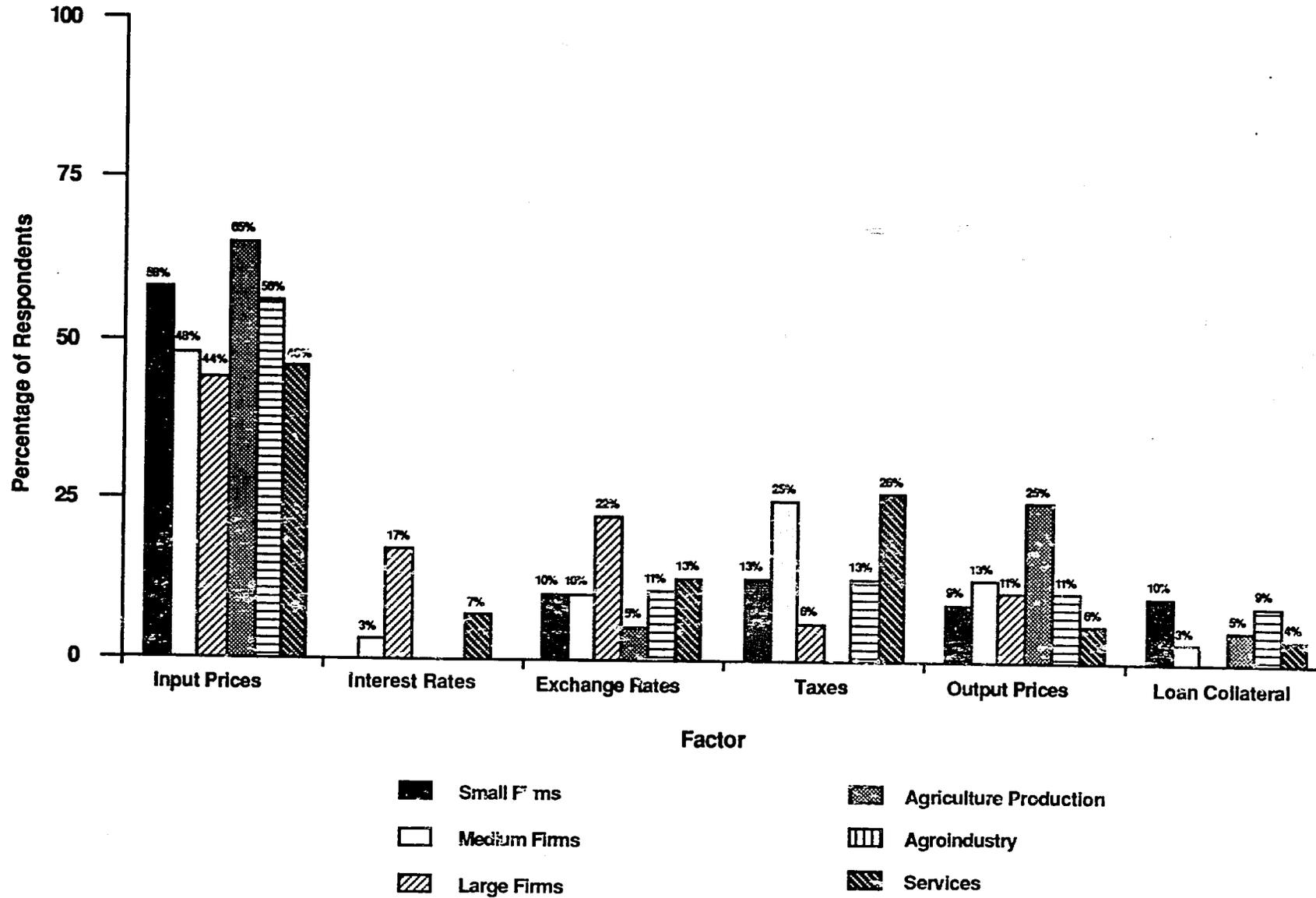
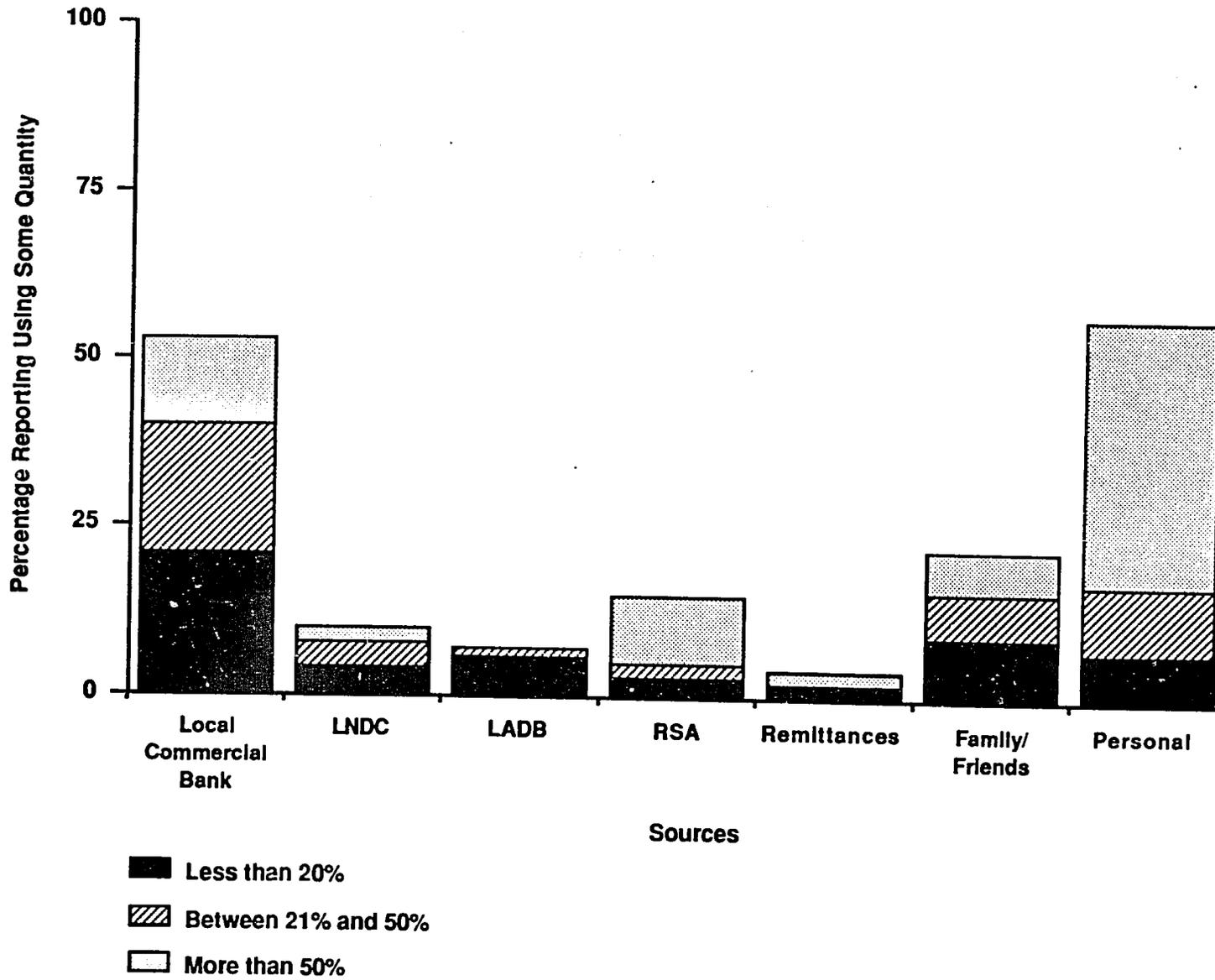


Exhibit 8
Sources of Capital: All Firms

Question 33



**Exhibit 9
Perceptions Regarding Sales Performance
(sales volume)**

Questions 15 and 16

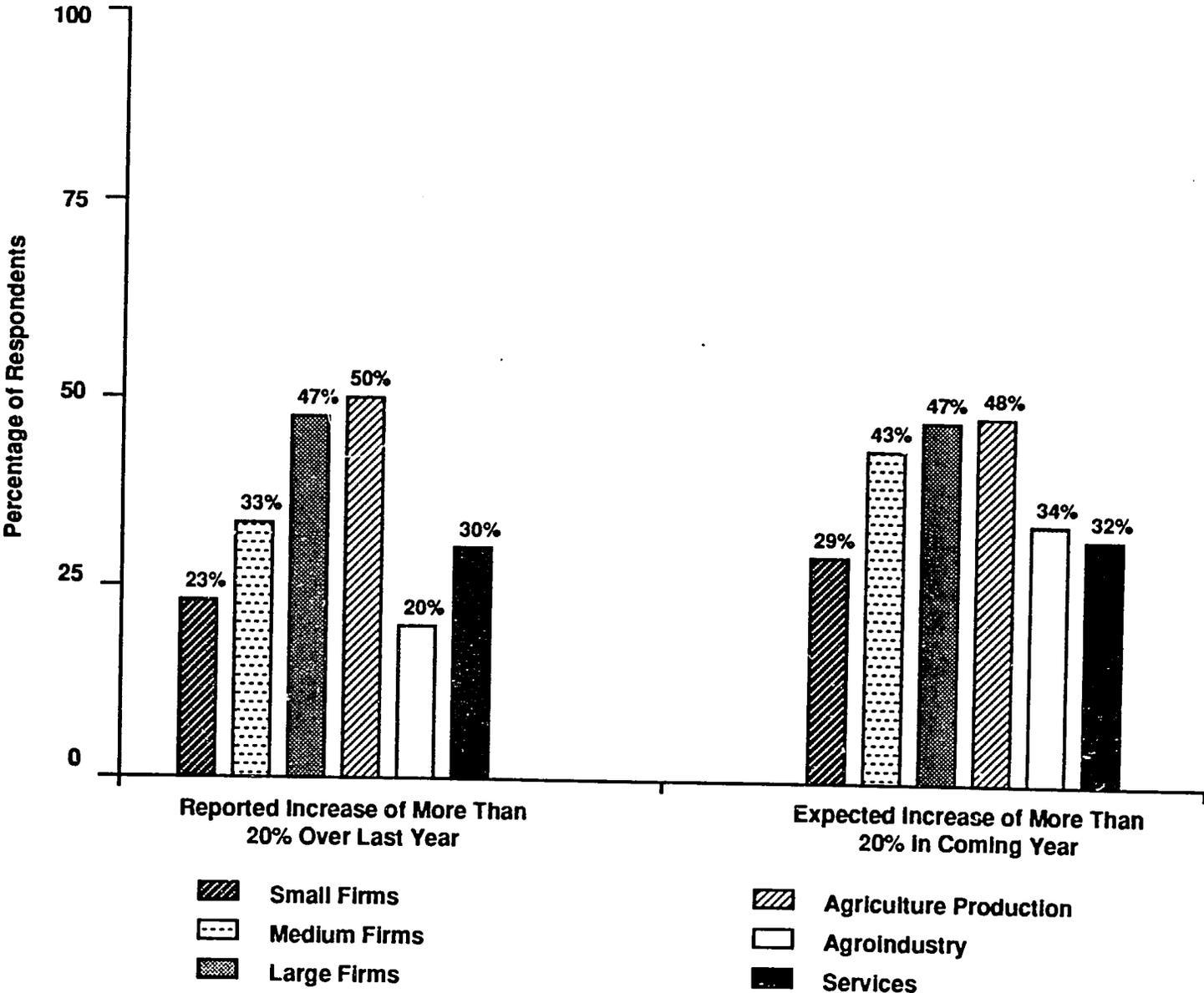


Exhibit 10 Factors Perceived To Have Largest Effect on Sales

Question 20

28

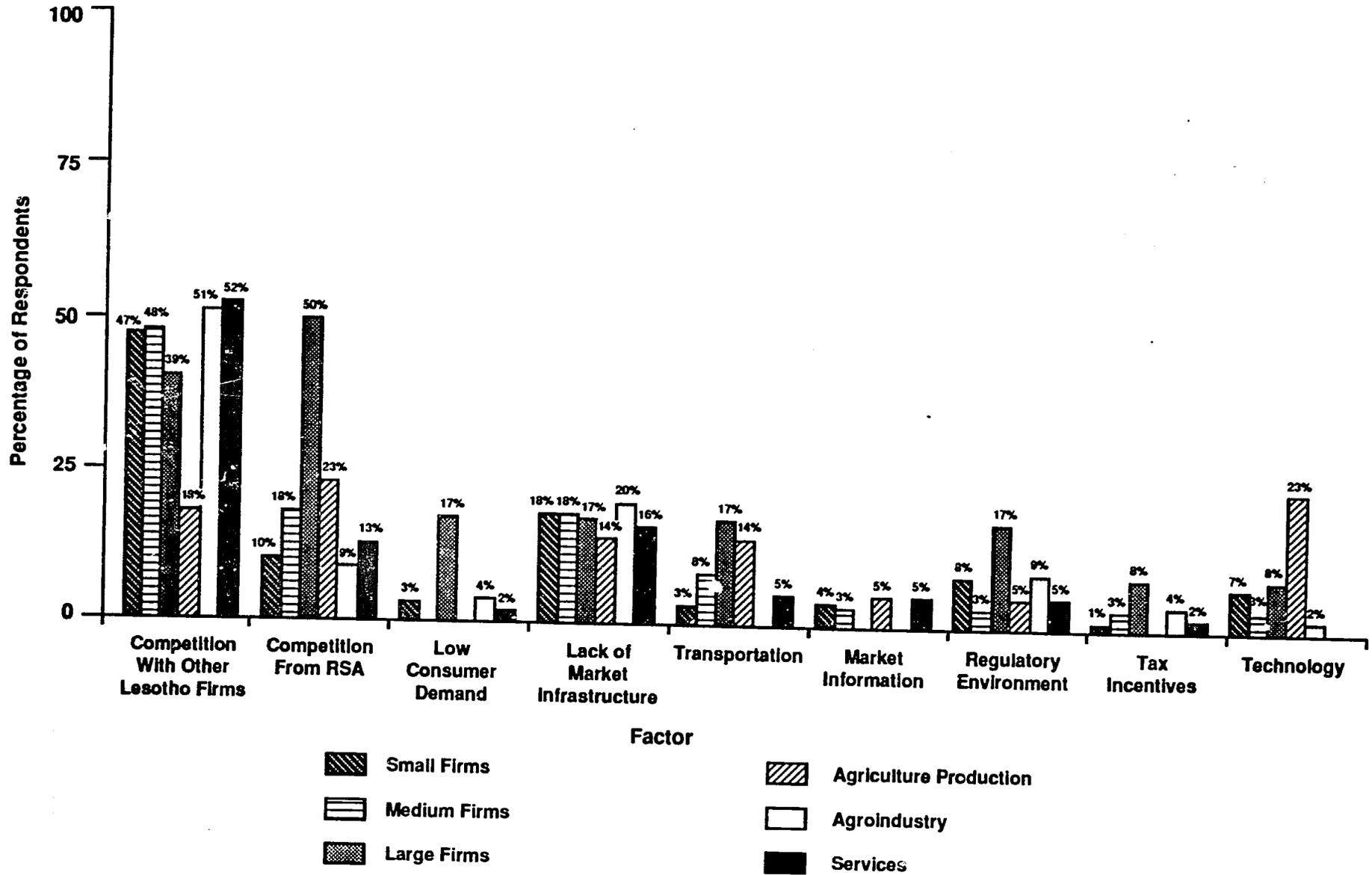
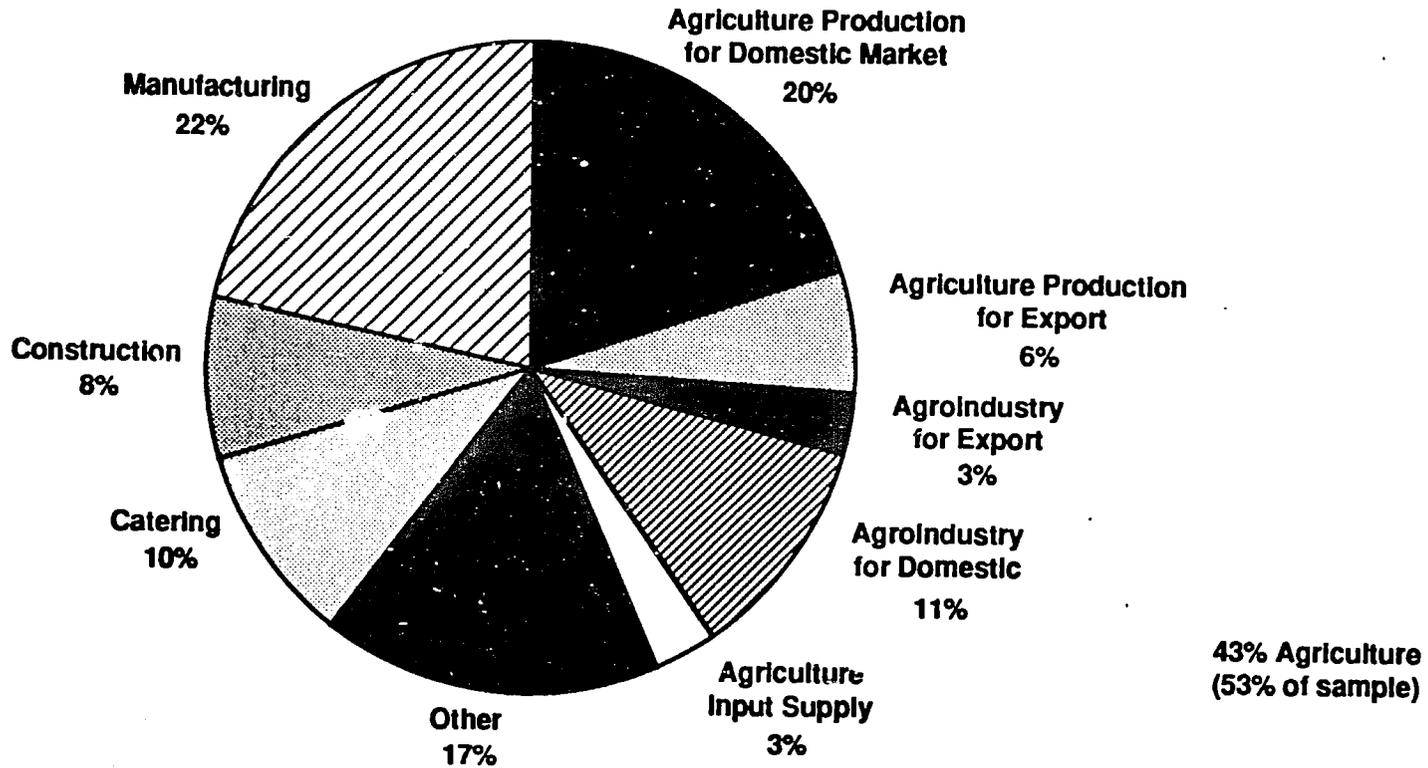


Exhibit 11
Which Area Offers Best Return On Investment?

Question 45

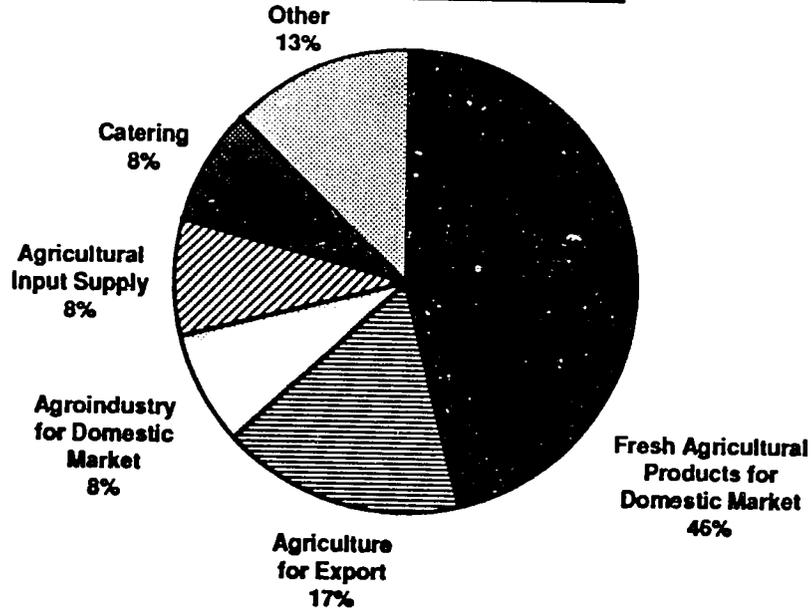


N = 136

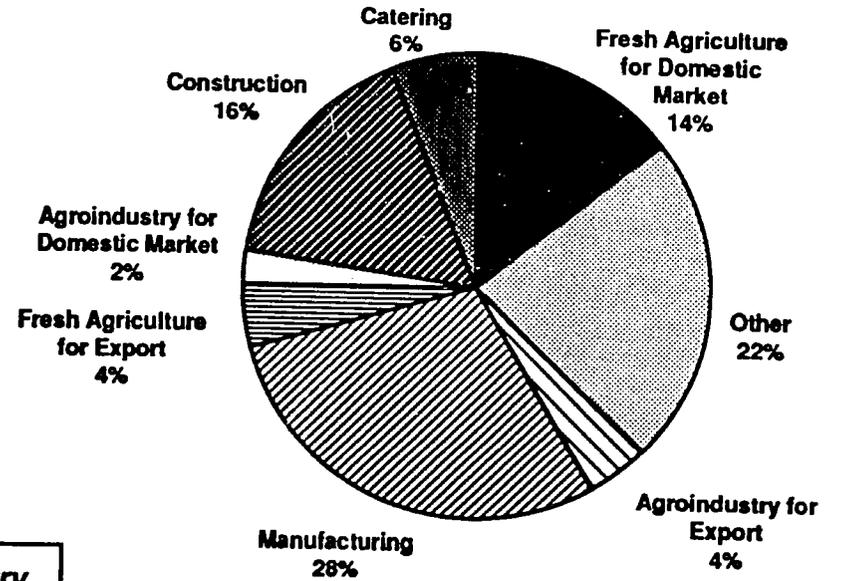
**Exhibit 12
Areas Offering Best Return on Investment**

Question 46 (T.1)

Commercial Agricultural Producers



Services



Agroindustry

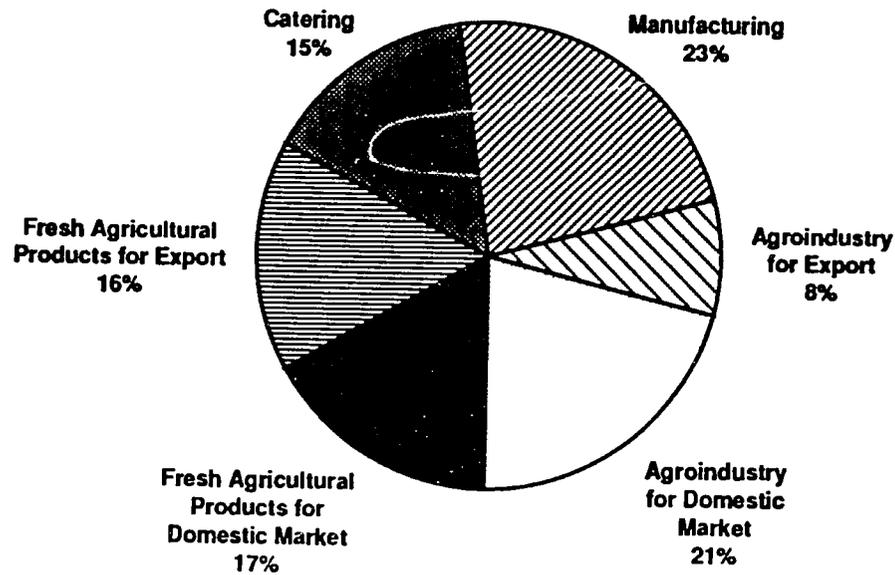


Exhibit 13
Which Activity in Agriculture Offers Best Return on Investment?

Question 46

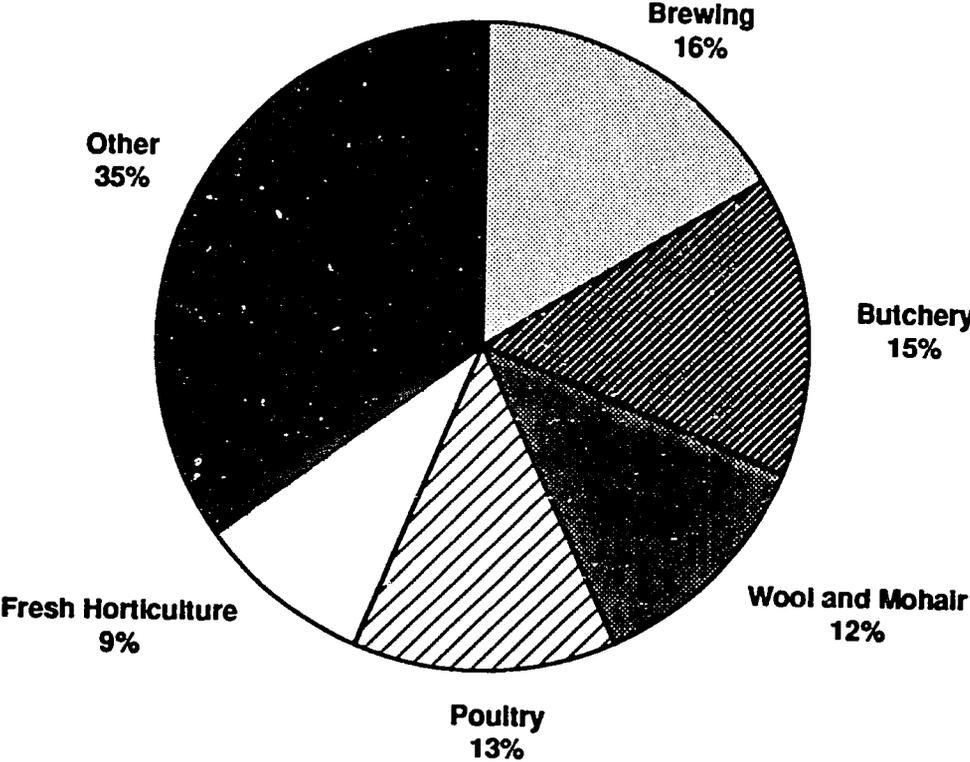


Exhibit 14
Confusion Over Land Titling and Tenure
Hinders Business Performance

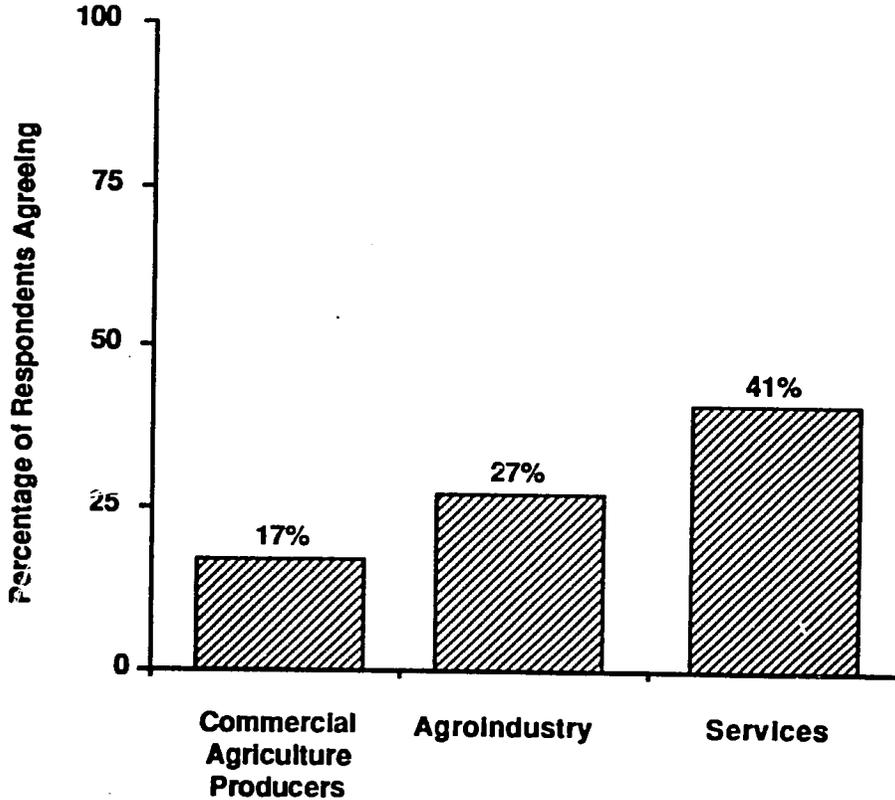


Exhibit 15
Resource Constraints Believed To Have Largest Effect
on Productivity

Question 22

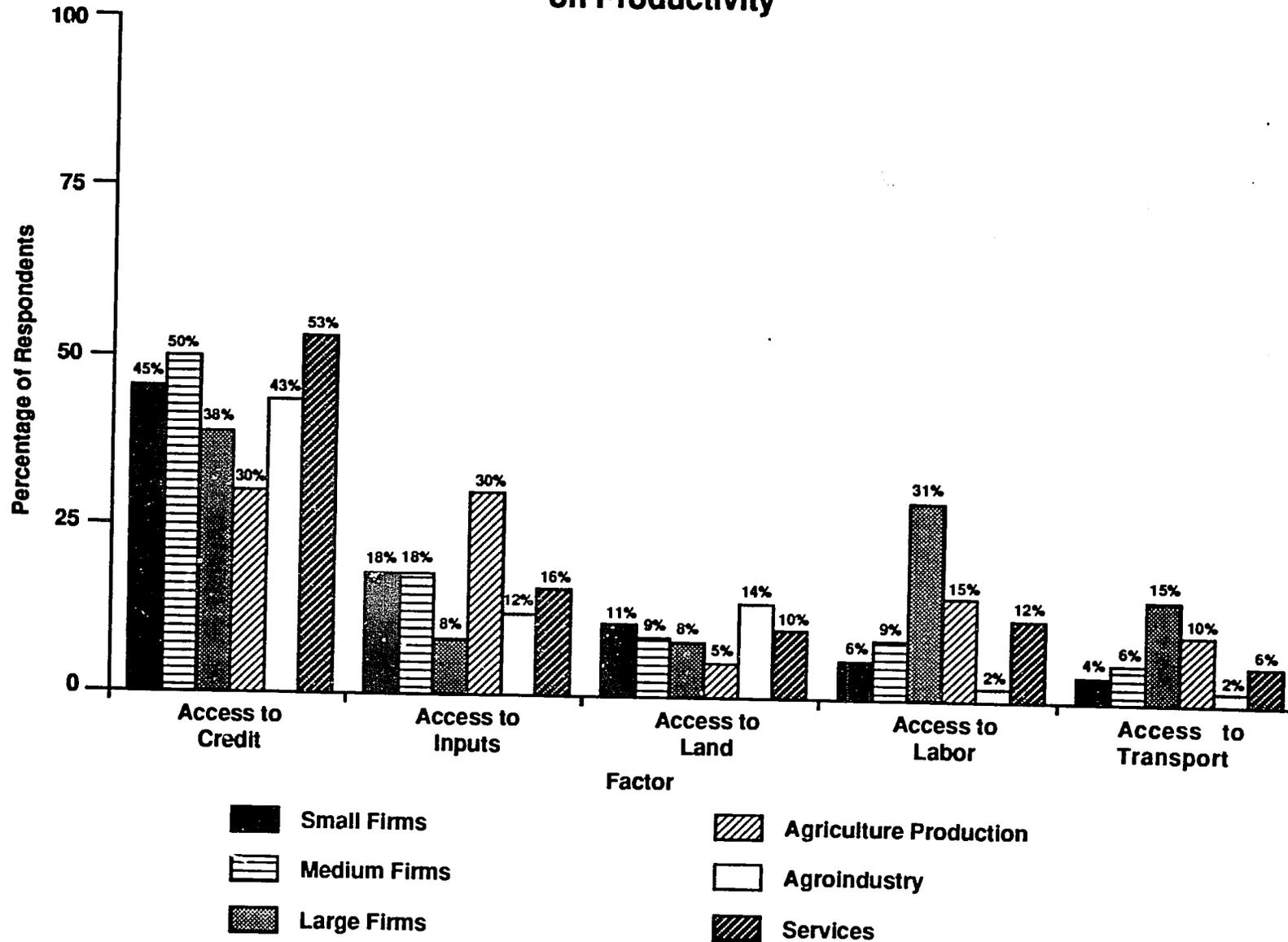


Exhibit 16
Perceptions Regarding Availability of Quality Skilled Labor:
Proportion Reporting Difficulty Finding Personnel
in the Following Categories

Question 32

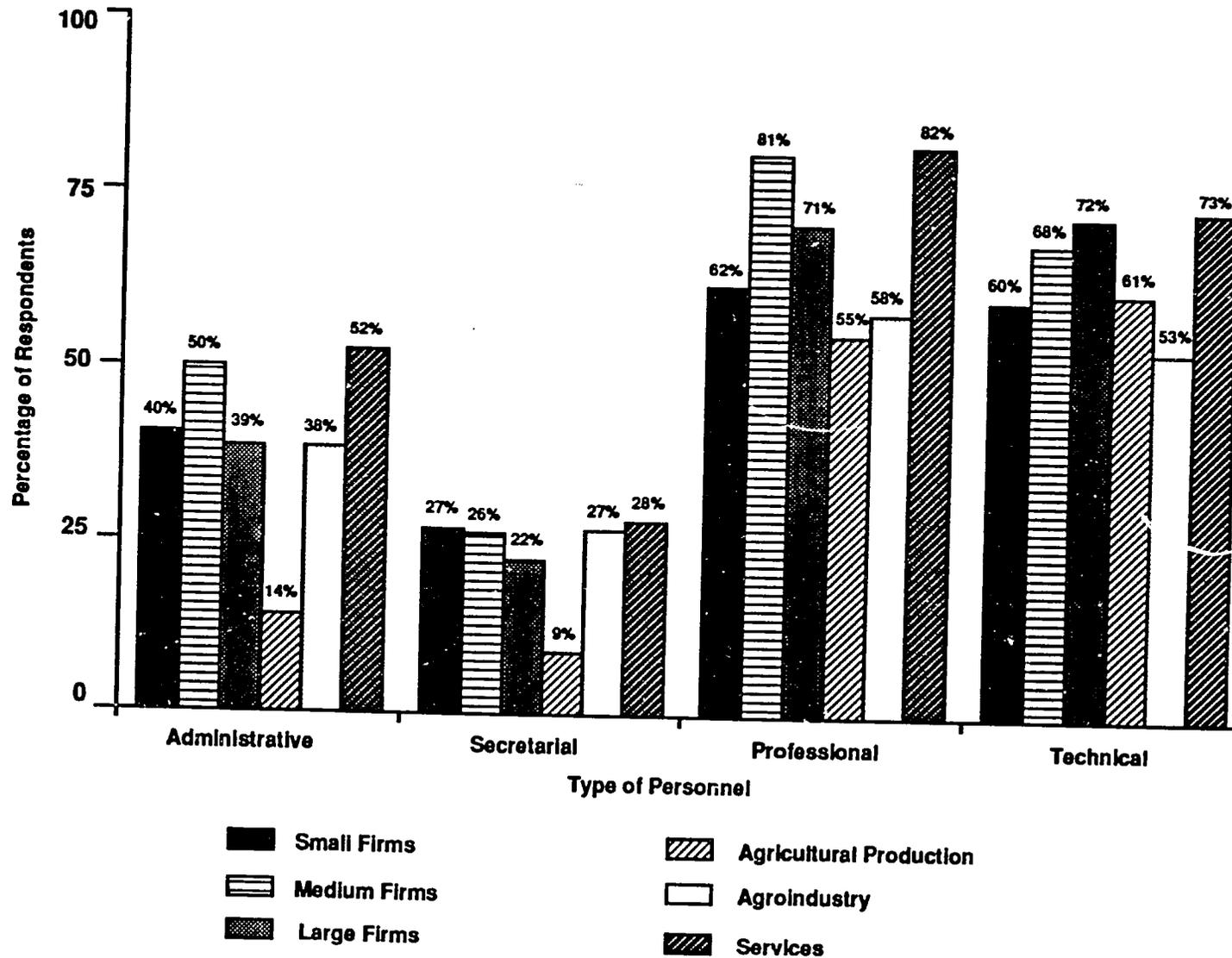


Exhibit 17
Potential Development Areas for Firms:
Percentage of Respondents Who Are "Very Interested"

Question 43

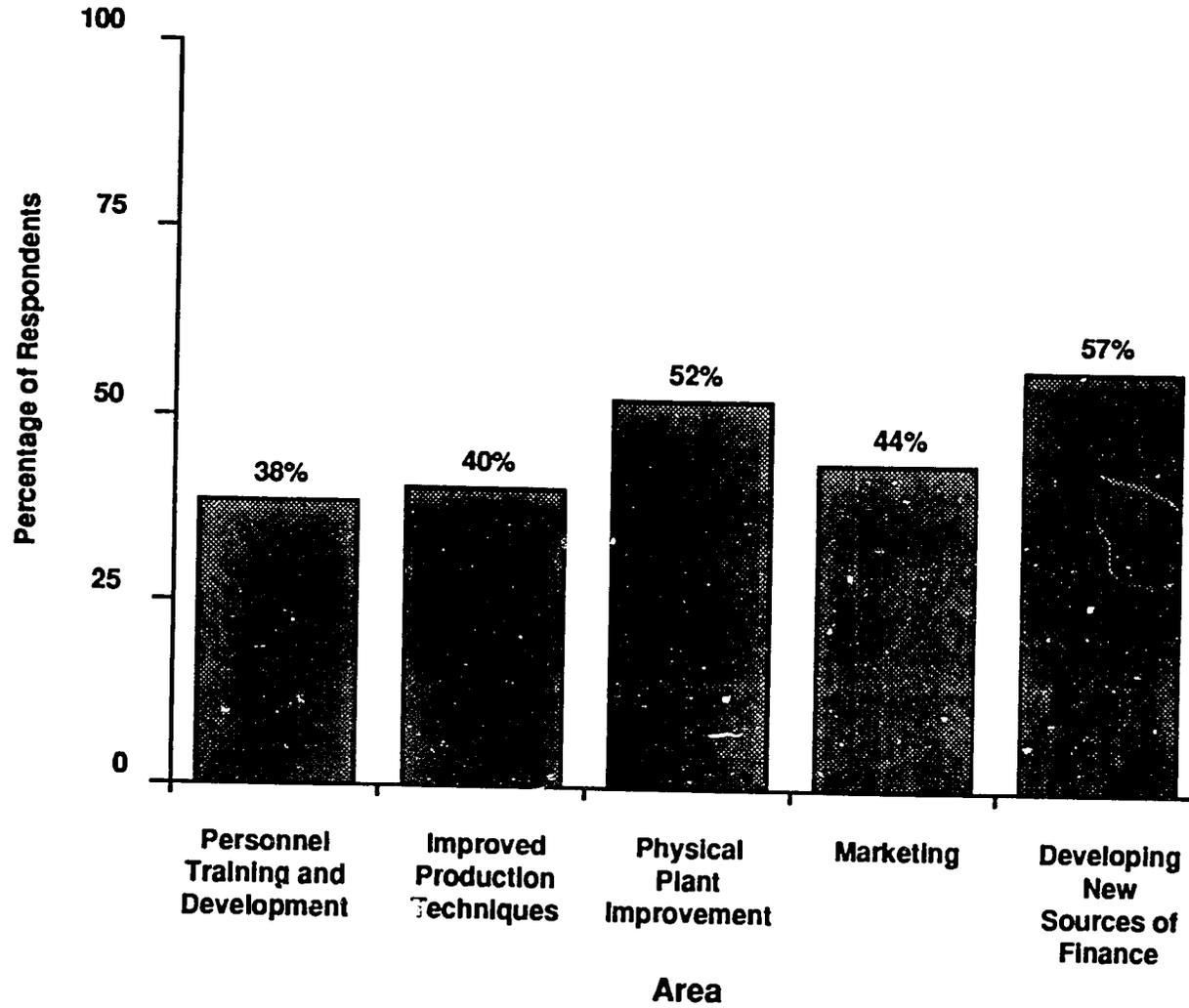
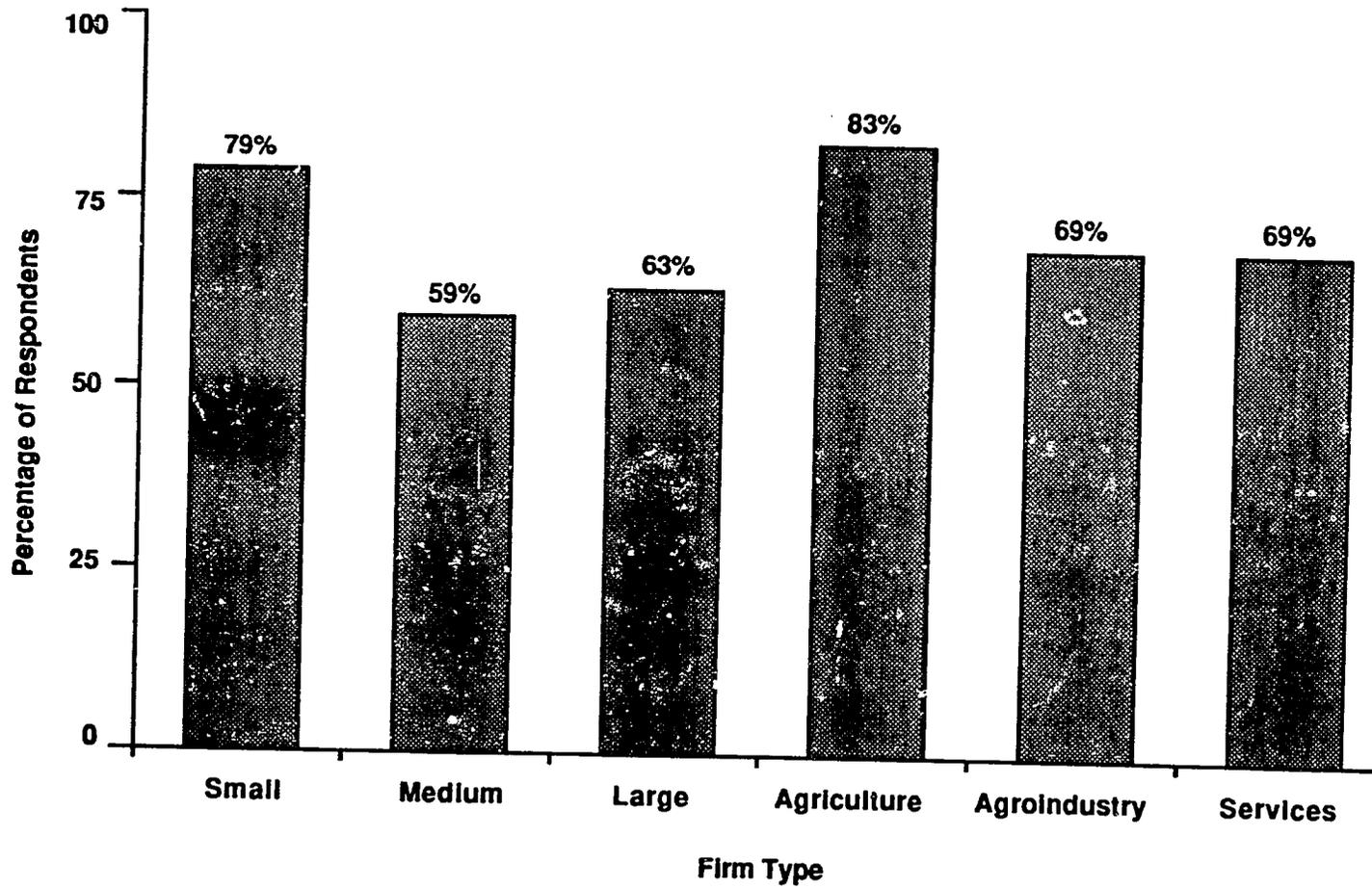


Exhibit 18
Percentage of Firms Reporting Membership in a
Trade/Business Association



**Exhibit 19
Demand for Association Services**

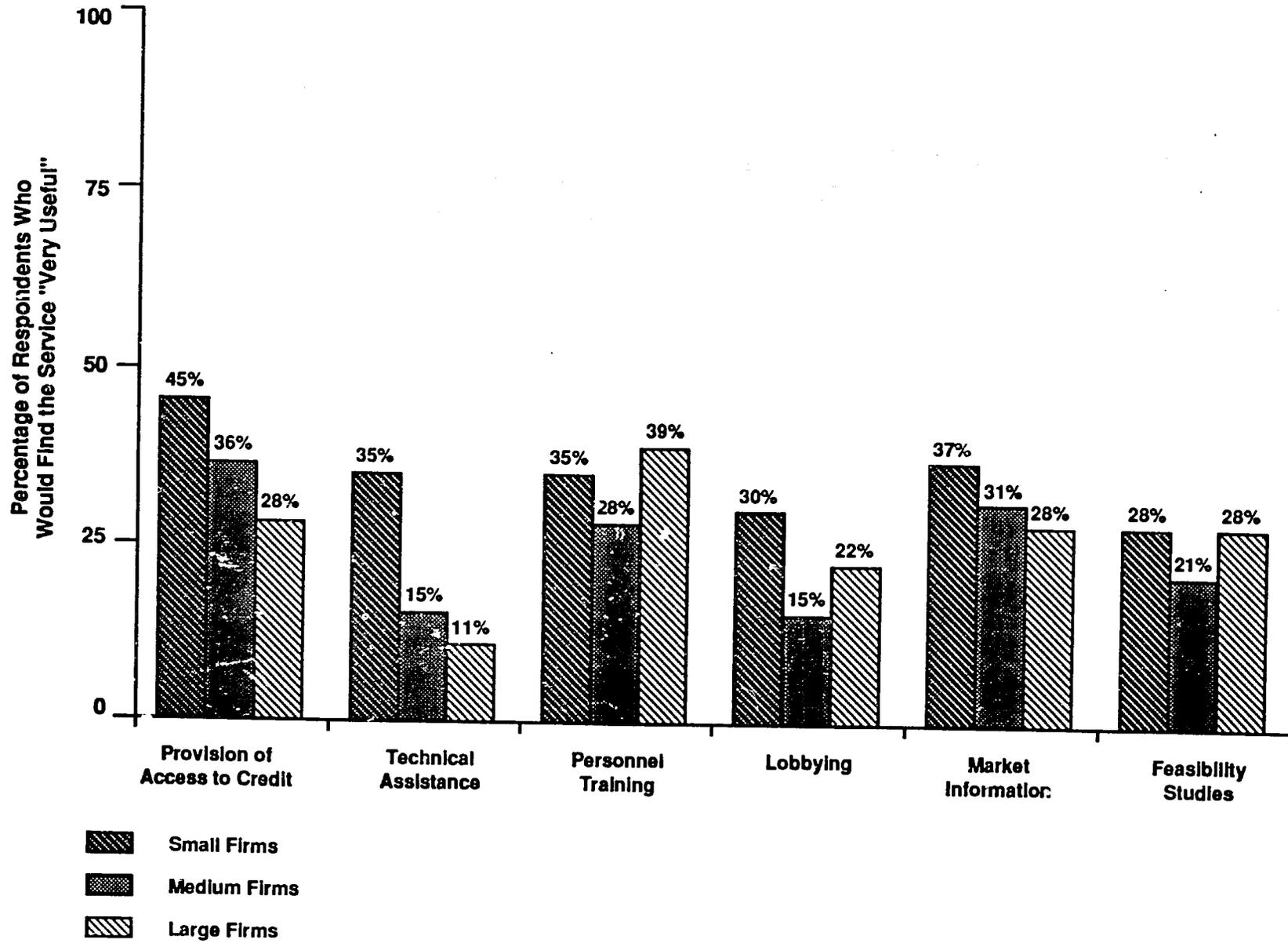
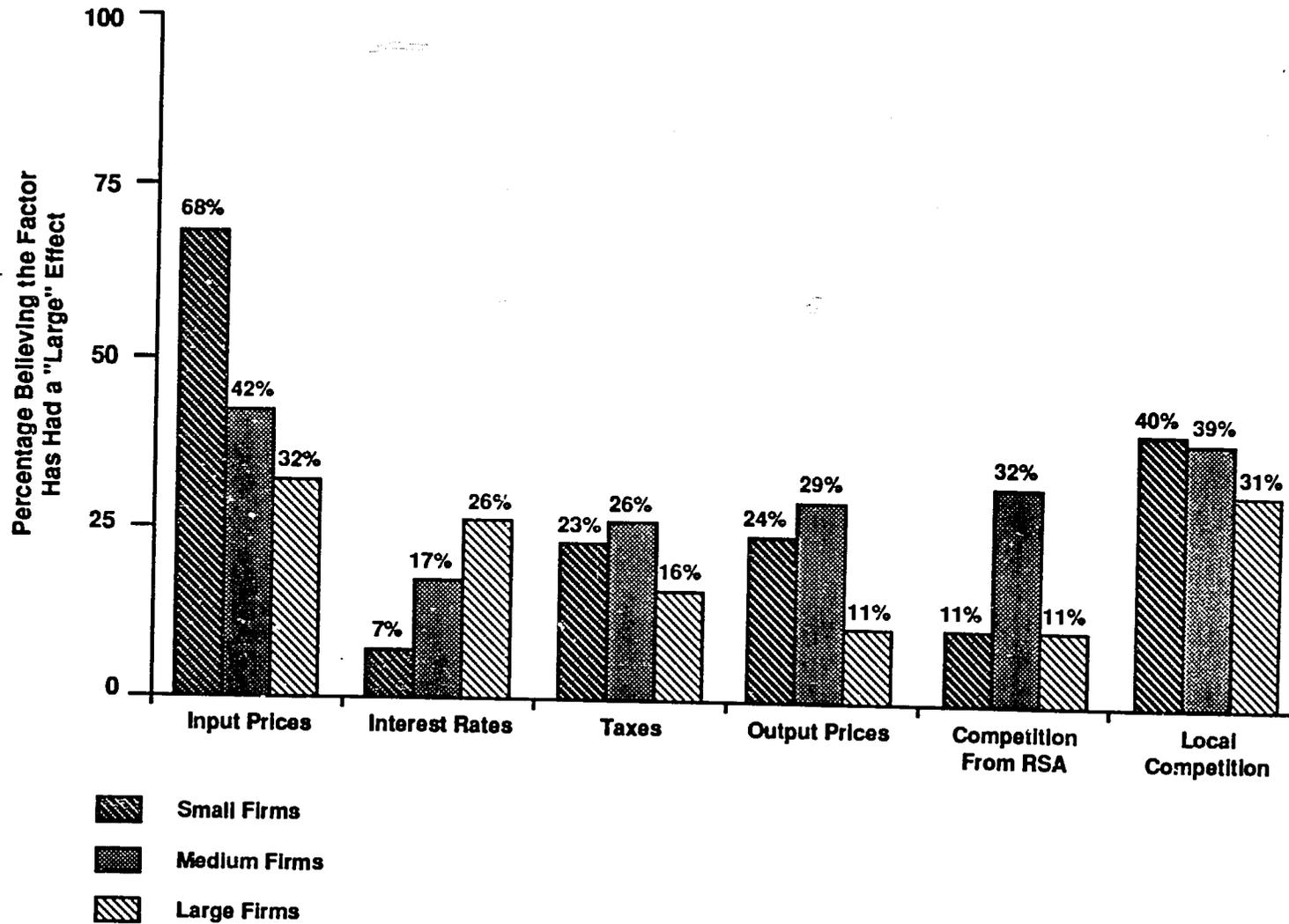


Exhibit 20
Factors Affecting Business Performance or Sales

Question 13, 19 (T.5)

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ANNEX A

FINAL SURVEY INSTRUMENT AND FREQUENCY DISTRIBUTIONS

SURVEY QUESTIONNAIRE

The purpose of the following survey is to gather information about the private sector in Lesotho, the beliefs held by business persons on different aspects of doing business, and the general investment climate. This study is financed by the U.S. Agency for International Development (USAID). USAID will use this information in its private sector development projects. The information obtained here will be treated in a private and confidential manner. Nevertheless, questions deemed inappropriate do not have to be answered.

Questionnaire No.: _____

Name of Interviewer: _____

Approved by: _____

Position of the person interviewed:

1. managerial
2. Professional
3. Technical
4. Other

Date the survey was performed: _____ (day/month/year)

(NOTE: All frequency distributions appearing in parentheses are percentages, unless otherwise specified. Percentages may not add exactly to 100 due to rounding error).

SECTION 1: GENERAL INFORMATION OF THE FIRM

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1. Location of the firm:		
1. Maseru	(36)	_____
2. Mafeteng	(6)	
3. Leribe	(11)	
4. T.Y.	(7)	
5. Butha Buthe	(13)	
6. Moputsoe	(4)	
7. Mohale's Hoek	(7)	
8. Quthing	(6)	
9. Other	(2)	
10. Thaba Tseka	(5)	
11. Qacha's Nek	(4)	
2. Please indicate the number of persons you employ (full and part time):		
1. fewer than 10	(56)	_____
2. 11 to 50	(30)	
3. 51 to 100	(4)	
4. More than 100	(10)	
3. What proportion of your workforce (approximately) is female?:		
1. Less than 10 percent	(41)	_____
2. Between 11 and 50 percent	(26)	
3. Between 51 and 75 percent	(14)	
4. Over 75 percent	(19)	

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4. Number of employees according to the type of work they do:

	Mean	Median	
1. Administration /Management	<u>17</u>	<u>14</u>	_____
2. Secretarial	<u>4</u>	<u>0</u>	_____
3. Technical	<u>6</u>	<u>0</u>	_____
4. Semiskilled	<u>23</u>	<u>0</u>	_____
5. Skilled	<u>12</u>	<u>0</u>	_____
6. Unskilled	<u>38</u>	<u>33</u>	_____

5. Sector in which your business operates:

- 1. Agriculture production (go to # 6) (18) _____
- 2. Agroindustry (go to # 7) (35)
- 3. Services (go to # 8) (41)
- 4. Financial (go to # 12) (0)
- 5. Other [specify]: _____ (6)

(NOTE: included in "other": consulting, office supplies, vehicle repair)

6. Mark the appropriate subcategory if involved in the agriculture sector: (actual frequencies, not percentages)

- 1. Horticulture crops (fruits) (2) _____
- 2. Horticulture crops (vegetables) (3)
- 3. Field crops (maize, etc.) (2)
- 4. Poultry (layers) (8)
- 5. Poultry (broilers) (4)
- 6. Wool and mohair (sheep and goats) (12)
- 7. Cattle
- 8. Other [specify]: _____

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7. Mark the appropriate category if involved in the agroindustrial sector: (actual frequencies, not percentages)

- | | | |
|---------------------------------|------|-------|
| 1. Vegetable/fruit Processing | (2) | _____ |
| 2. Butchery products | (36) | |
| 3. Dairy products | (4) | |
| 4. Processed wool and mohair | (2) | |
| 5. Leather (including footwear) | | |
| 6. Brewing products | | |
| 7. Textiles | (8) | |
| 8. Other | | |

8. Mark the appropriate category if involved in the service sector (you may mark more than one): (actual frequencies, not percentages)

- | | | |
|---|------|-------|
| 1. Wholesale industry (agricultural products) | (7) | _____ |
| 2. Wholesale industry (non-agricultural) | (6) | |
| 3. Retail industry (agricultural products) | (13) | |
| 4. Retail industry (non-agricultural) | (38) | |
| 5. Transportation (agricultural products) | (3) | |
| 6. Transportation (non-agricultural) | (12) | |
| 7. Agriculture inputs | (0) | |
| 8. Construction (housing) | (3) | |
| 9. Construction (road) | (1) | |
| 10. Construction (building) | (9) | |
| 11. Other | (0) | |

(NOTE: may add up to more than 136, since some interviewees are in more than one business.)

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9. Where do you sell your products?:

- 1. Domestic market only (78) _____
- 2. Export to RSA mostly (11) _____
- 3. Export mostly to other than the RSA (2) _____
- 4. Both the domestic and the export markets are important to my business. (9) _____

10. Do you have foreign equity holders?

- 1. YES (20)
 - 2. NO (79)
 - 3. Don't know (1)
[if NO or Don't Know, go to # 12]
- _____

11. Estimate the equity participation in your firm?:

	None	Less than 20%	Between 20 and 50%	Over 50%
1. Private Lesotho	1 (29)	2 (2)	3 (1)	4 (68)
2. Public Lesotho	1 (92)	2 (2)	3 (3)	4 (4)
3. RSA	1 (87)	2 (2)	3 (4)	4 (7)
4. European	1 (94)	2 (2)	3 (2)	4 (3)
5. Other foreign	1 (95)	2 (2)	3 (4)	4 (1)

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SECTION 2: FACTORS ACCOUNTING FOR BUSINESS PERFORMANCE

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Indicate whether you agree or disagree with the following statement:

12. The environment within which my firm operates is better today than it was a year ago.

1. Agree (55) 2. Disagree (32) 3. Don't know/unsure (13)

13. Have the following factors affected the performance of your business over the last year?:

	No effect	Some Effect	Large Effect	Don't Know
1. Input prices	1 (14)	2 (35)	3 (46)	4 (4)
2. Interest rate	1 (34)	2 (38)	3 (13)	4 (16)
3. Exchange rate	1 (53)	2 (16)	3 (17)	4 (13)
4. Taxes	1 (37)	2 (33)	3 (23)	4 (7)
5. Output prices	1 (23)	2 (50)	3 (24)	4 (4)
6. Loan collateral requirements	1 (50)	2 (18)	3 (16)	4 (16)

14. Which ONE of the factors named in no. 13 has had the LARGEST effect on your business performance over the last year?

1. Input prices (53)

2. Interest rates (3)

3. Exchange rate (12)

4. Taxes (16)

5. Output prices (10)

6. Loan collateral requirements (6)

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15. How has your sales volume changed since February of 1988?

- | | | |
|-----------------------------------|------|-------|
| 1. Increased more than 20 percent | (30) | _____ |
| 2. Increased 20 percent or less | (39) | |
| 3. Has not changed | (16) | |
| 4. Decreased 20 percent or less | (8) | |
| 5. Decreased more than 20 percent | (6) | |
| 6. Unsure/don't know | (2) | |

16. What do you think will happen to your sales between February of this year and February, 1990?

- | | | |
|--------------------------------|------|-------|
| 1. Increase 20 percent or more | (36) | _____ |
| 2. Increase 20 percent or less | (27) | |
| 3. No change | (13) | |
| 4. Decrease 20 percent or less | (2) | |
| 5. Decrease 20 percent or more | (3) | |
| 6. Unsure/don't know | (20) | |

Specify the extent to which you agree with the following statements:

17. If I could produce more, I could sell more

- | | | | |
|----------|-------------|----------------------|-------|
| 1. Agree | 2. Disagree | 3. Unsure/don't know | _____ |
| (66) | (13) | (21) | |

18. I am unable to sell all that I produce

- | | | | |
|----------|-------------|----------------------|-------|
| 1. Agree | 2. Disagree | 3. Unsure/don't know | _____ |
| (22) | (62) | (15) | |

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19. Specify how important the following factors have been in influencing your sales last year:

	Very Imprtn	Somewhat Imprtn	Not Imprtn	Not Apply	
1. Competition from other Lesotho firms	1 (38)	2 (26)	3 (25)	4 (11)	_____
2. Competition from RSA firms	1 (17)	2 (15)	3 (35)	4 (32)	_____
3. Low demand for my product	1 (7)	2 (10)	3 (48)	4 (35)	_____
4. Lack of market infrastructure (such as warehouses, cold storage facilities, etc.)	1 (29)	2 (13)	3 (30)	4 (28)	_____
5. Transportation to market	1 (14)	2 (18)	3 (34)	4 (35)	_____
6. Lack of market information	1 (15)	2 (17)	3 (40)	4 (28)	_____
7. Lesotho Government regulations (work permits, licensing, etc.)	1 (15)	2 (18)	3 (38)	4 (29)	_____
8. Lesotho Government tax incentive policies	1 (8)	2 (10)	3 (38)	4 (44)	_____
9. Lesotho Government export incentives & policies	1 (4)	2 (4)	3 (32)	4 (61)	_____
10. Access to production technology	1 (20)	2 (15)	3 (24)	4 (41)	_____

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20. Which ONE of the factors named in no. 19 has had the LARGEST effect on your sales over the last year?
- | | | |
|---|------|-------|
| 1. Competition from other Lesotho firms | (46) | _____ |
| 2. Competition from RSA firms | (13) | |
| 3. Low demand for my product | (2) | |
| 4. Lack of market infrastructure (such as warehouses, cold storage facilities, etc.). | (16) | |
| 5. Transportation to market | (5) | |
| 6. Lack of market information | (3) | |
| 7. Lesotho Government regulations (work permits, licensing, etc.) | (7) | |
| 8. Lesotho Government tax incentive policies | (2) | |
| 9. Lesotho Government export incentives & policies | (0) | |
| 10. Access to production technology | (5) | |

SECTION 3: RESOURCE CONSTRAINTS AND GOVERNMENT POLICIES

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21. Please indicate if the following factors have had a large effect on the productivity of your firm:

	Large Effect	Some Effect	None	Not Apply	
1. Access to credit	1 (35)	2 (21)	3 (31)	4 (13)	_____
2. Access to inputs	1 (16)	2 (33)	3 (41)	4 (10)	_____
3. Access to land	1 (15)	2 (14)	3 (49)	4 (21)	_____
4. Access to labor	1 (5)	2 (16)	3 (67)	4 (12)	_____
5. Access to transport services	1 (13)	2 (22)	3 (51)	4 (14)	_____
6. Access to other services (energy, water, etc.)	1 (17)	2 (16)	3 (47)	4 (20)	_____

22. Which ONE of the factors in no. 22 has had the LARGEST effect on the productivity of your firm in the last year?

1. Access to credit	(46)	_____
2. Access to inputs	(17)	
3. Access to land	(10)	
4. Access to labor	(6)	
5. Access to transport services	(9)	
6. Access to other services (energy, water, etc.)	(12)	

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Please specify the extent to which you agree with the following statements:

23. Land tenure restrictions have hindered the development of my firm.

- | | | |
|----------------------|------|-------|
| 1. Strongly agree | (13) | _____ |
| 2. Agree | (21) | |
| 3. Unsure/don't know | (17) | |
| 4. Disagree | (46) | |
| 5. Strongly disagree | (3) | |

24. There is confusion regarding land titling.

- | | | |
|----------------------|------|-------|
| 1. Strongly agree | (11) | _____ |
| 2. Agree | (21) | |
| 3. Unsure/don't know | (27) | |
| 4. Disagree | (40) | |
| 5. Strongly disagree | (2) | |

25. Confusion regarding land titling and land tenure rights have hindered the development of my business.

- | | | |
|----------------------|------|-------|
| 1. Strongly agree | (12) | _____ |
| 2. Agree | (19) | |
| 3. Unsure/don't know | (26) | |
| 4. Disagree | (42) | |
| 5. Strongly disagree | (2) | |

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26. It is simple to access land through leasing arrangements with the landholders.
- | | | |
|----------------------|------|-------|
| 1. Strongly agree | (6) | _____ |
| 2. Agree | (37) | |
| 3. Unsure/don't know | (29) | |
| 4. Disagree | (27) | |
| 5. Strongly disagree | (2) | |
27. I have had to invest a lot in training my employees
- | | | |
|----------------------|------|-------|
| 1. Strongly agree | (13) | _____ |
| 2. Agree | (38) | |
| 3. Unsure/don't know | (7) | |
| 4. Disagree | (41) | |
| 5. Strongly disagree | (2) | |
28. I have invested in training because tax breaks make it attractive to do so.
- | | | |
|----------------------|------|-------|
| 1. Strongly agree | (2) | _____ |
| 2. Agree | (2) | |
| 3. Unsure/don't know | (17) | |
| 4. Disagree | (74) | |
| 5. Strongly disagree | (5) | |

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29. Unskilled and semi-skilled labor wages are too high, compared to other countries in the region.		
1. Strongly agree	(1)	_____
2. Agree	(4)	
3. Unsure/don't know	(19)	
4. Disagree	(63)	
5. Strongly disagree	(14)	
30. Technical personnel salaries are too high, compared to other countries in the region.		
1. Strongly agree	(1)	_____
2. Agree	(7)	
3. Unsure/don't know	(22)	
4. Disagree	(60)	
5. Strongly disagree	(11)	
31. Professional personnel wages are too high, compared to other countries in the region.		
1. Strongly agree	(3)	_____
2. Agree	(10)	
3. Unsure/don't know	(24)	
4. Disagree	(55)	
5. Strongly disagree	(9)	

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32. For the following personnel categories, please specify how difficult it has been to obtain persons with the training/experience needed in your firm:

	Difficult	Average	Easy	
1. Administrative Personnel	1 (43)	2 (34)	3 (24)	_____
2. Secretarial Personnel	1 (26)	2 (36)	3 (38)	_____
3. Professional Personnel	1 (70)	2 (18)	3 (12)	_____
4. Technical Personnel	1 (65)	2 (22)	3 (13)	_____

33. Please provide an estimate of the percentage of your capital (long and short term) which comes from the following categories:

	None	Less than 20%	21-50%	50% or more	Unsure	
1. Local commercial banks (Lesotho Bank, Barclays, Standard)	1 (47)	2 (21)	3 (19)	4 (13)	5 (1)	_____
2. LNDC	1 (89)	2 (4)	3 (4)	4 (2)	5 (1)	_____
3. LADB	1 (92)	2 (6)	3 (1)	4 (0)	5 (2)	_____
4. Foreign sources (RSA)	1 (82)	2 (3)	3 (2)	4 (10)	5 (2)	_____
5. Foreign sources (other)	1 (90)	2 (4)	3 (1)	4 (5)	5 (1)	_____
6. Remittances (miner)	1 (96)	2 (2)	3 (0)	4 (0)	5 (2)	_____
7. Remittances (other)	1 (94)	2 (3)	3 (1)	4 (0)	5 (2)	_____
8. Family/friends	1 (77)	2 (9)	3 (7)	4 (6)	5 (2)	_____
9. Personal	1 (42)	2 (7)	3 (10)	4 (40)	5 (1)	_____
10. Other	1 (88)	2 (4)	3 (1)	4 (4)	5 (3)	_____

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Specify the extent to which you agree with the following statements:

34. I have trouble getting financing due to collateral requirements.

- | | | |
|-----------------------|------|-------|
| 1. Strongly agree | (18) | _____ |
| 2. Agree | (26) | |
| 3. Unsure/ don't know | (22) | |
| 4. Disagree | (32) | |
| 5. Strongly disagree | (3) | |

35. It is easier for me to obtain working capital than it is to obtain long-term capital.

- | | | |
|-----------------------|------|-------|
| 1. Strongly agree | (9) | _____ |
| 2. Agree | (52) | |
| 3. Unsure/ don't know | (27) | |
| 4. Disagree | (13) | |
| 5. Strongly disagree | (1) | |

36. I have left undeveloped

- | | | |
|-------------------|------|-------|
| 1. many projects | (19) | _____ |
| 2. a few projects | (41) | |
| 3. no projects | (40) | |

because of lack of venture capital.

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36a. I have left undeveloped

- 1. many projects (8) _____
- 2. a few projects (15)
- 3. no projects (78)

because of lack of skilled staff.

37. What has been the effect of existing collateral requirements?

- 1. They inhibit production/expansion plans. (22) _____
- 2. They are an inconvenience, but have had no real effect on business expansion or investment decisions. (13)
- 3. They have had no effect on my business decisions. (63)
- 4. They are a substantial incentive for expansion/investment. (3)

38. Have you had difficulty obtaining the inputs that you need to operate?

- 1. YES (37) [if YES go to 39]
 - 2. NO (56) [if NO or NO ANSWER, go to 40]
 - 3. NO ANSWER (8)
- _____

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39. Specify how important the following factors have been in influencing your firm's ability to procure all the inputs it needs:

	Very Imprtn	Somewhat Imprtn	Not Imprtn	Unsure	
1. Lack of financing	1 (31)	2 (17)	3 (51)	4 (2)	_____
2. Lack of foreign exchange	1 (1)	2 (3)	3 (85)	4 (1)	_____
3. Inadequate transport	1 (10)	2 (18)	3 (69)	4 (2)	_____
4. Scarcity	1 (11)	2 (13)	3 (70)	4 (5)	_____
5. Cost of transport	1 (16)	2 (19)	3 (62)	4 (3)	_____
6. Other	1 (5)	2 (2)	3 (72)	4 (20)	_____

Specify whether you agree or disagree with the following statements:

40. Reliable and accurate information on the local market trends for my product is available.

1. Agree (60)	2. Disagree (22)	3. Don't Know/ Unsure (17)	_____
------------------	---------------------	----------------------------------	-------

41. Accurate and reliable information on the international market for my product is available.

1. Agree (22)	2. Disagree (25)	3. Don't Know/ Unsure (52)	_____
------------------	---------------------	----------------------------------	-------

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42. Specify the sources which you use to get information on the market for your product (may mark more than one):
- | | | |
|---|------|-------|
| 1. The Lesotho Ministry of Commerce and Trade | (10) | _____ |
| 2. Foreign partners | (6) | |
| 3. Personal Contacts | (65) | |
| 4. The Lesotho Exporters Association | (2) | |
| 5. The Lesotho Chamber of Commerce | (5) | |
| 6. The bank | (3) | |
| 7. Trade journals or newspapers | (15) | |
| 8. Other | (18) | |

(Seventy percent of respondents who marked "other" specified the Ministry of Agriculture. Other sources specified under "other" category include: Wool Growers Association, Poultry Association, Likhutlong, the abattoir.)

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SECTION 4: OPPORTUNITIES

43. Specify how interested you are in investing in the following areas:

	Very int.	Some- what	Not int.	Unsure	
1. Personnel training and development	1 (38)	2 (27)	3 (23)	4 (13)	_____
2. Improved production technology	1 (40)	2 (23)	3 (25)	4 (11)	_____
3. Physical capital (plant improvement)	1 (52)	2 (19)	3 (19)	4 (10)	_____
4. Marketing	1 (44)	2 (33)	3 (14)	4 (9)	_____
5. Developing new sources of financing	1 (57)	2 (18)	3 (19)	4 (7)	_____

44. How important have tax advantages been in influencing your decision to invest in the areas described in no. 43?

	Very imp.	Some- what	Not imp.	Unsure	
1. Personnel training and development	1 (6)	2 (11)	3 (59)	4 (24)	_____
2. Improved production technology	1 (5)	2 (9)	3 (60)	4 (26)	_____
3. Physical capital (plant improvement)	1 (9)	2 (7)	3 (60)	4 (24)	_____
4. Marketing	1 (5)	2 (10)	3 (63)	4 (21)	_____
5. Developing new sources of financing	1 (10)	2 (6)	3 (60)	4 (25)	_____

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45. Which ONE of the following areas do you believe offers the best return on investment?
- | | | |
|--|------|-------|
| 1. Agriculture ¹ production for domestic market | (20) | _____ |
| 2. Agriculture production for export market | (6) | |
| 3. Agroindustry ² for export | (3) | |
| 4. Agroindustry for domestic market | (11) | |
| 5. Agricultural input supply | (3) | |
| 6. Manufacturing | (22) | |
| 7. Construction (road) | (2) | |
| 8. Construction (building) | (8) | |
| 9. Construction (housing) | (5) | |
| 10. Catering | (9) | |
| 11. Other services [specify]: _____ | (7) | |
| 12. Other [specify]: _____ | (4) | |
| 13. Don't Know | (1) | |

NOTE: The categories mentioned most often (by 40 percent of respondents marking "other") were "transport" and "housing rental."

¹Agriculture refers to the production of fresh products or field crops, fresh poultry and livestock, unprocessed wool and mohair, etc.

²Agroindustry refers to processed agricultural goods such as butchery, dairy, brewing products, textiles, leather.

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46. Which ONE area in agriculture or agroindustry do you think offers the best return on investment?
- | | | |
|---|------|-------|
| 1. Fresh horticulture crops (fruits and vegetables) | (9) | _____ |
| 2. Field crops (maize, etc.) | (6) | |
| 3. Fresh poultry (layers and broilers) | (13) | |
| 4. Unprocessed wool and mohair | (12) | |
| 5. Livestock | (7) | |
| 7. Butchery products | (15) | |
| 8. Dairy products | (4) | |
| 9. Processed wool and mohair | (4) | |
| 10. Leather (including footwear) | (2) | |
| 11. Brewing products | (16) | |
| 12. Textiles | (6) | |
| 13. Processed fruits and vegetables | (2) | |
| 14. Other[specify]: _____ | (4) | |
| 15. Don't Know | (2) | |

NOTE: Under "other" the category fishing was mentioned most often.

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SECTION 5: ASSOCIATIONS

47. Are you affiliated with any type of trade association?

- | | | | |
|----------------|---------------|------------------|-------|
| 1. YES
(70) | 2. NO
(27) | 3. Unsure
(3) | _____ |
|----------------|---------------|------------------|-------|

[if YES,
go to #48]

[if NO or Unsure,
go to #50]

48. Please specify which associations (may mark more than one):

- | | | |
|---|------|-------|
| 1. The Lesotho Chamber of Commerce and Industry | (56) | _____ |
| 2. Manufacturers Association | (2) | |
| 3. The Exporters Association | (2) | |
| 4. The Poultry Producers Association | (4) | |
| 5. Other | (19) | |
| 6. Not Applicable | | |

Specify the extent to which you agree with the following statement:

49. The associations to which I belong are effectively representing my business interests.

- | | | |
|----------------------|------|-------|
| 1. Strongly Agree | (9) | _____ |
| 2. Agree | (51) | |
| 3. Unsure/don't know | (12) | |
| 4. Disagree | (25) | |
| 5. Strongly disagree | (3) | |

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50. Indicate which of the following services which could be offered by an association would be most useful to your organization?

	Very useful	Somewhat useful	Of little use	Of no interest	
1. Provide access to credit	1 (40)	2 (9)	3 (9)	4 (42)	_____
2. Provide technical assistance	1 (26)	2 (18)	3 (13)	4 (44)	_____
3. Develop personnel training services	1 (34)	2 (14)	3 (10)	4 (42)	_____
4. Provide lobbying efforts	1 (24)	2 (16)	3 (12)	4 (49)	_____
5. Provide market information	1 (34)	2 (23)	3 (2)	4 (41)	_____
6. Provide feasibility studies	1 (26)	2 (13)	3 (16)	4 (46)	_____
7. Other	1 (5)	2 (3)	3 (3)	4 (89)	_____

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51. Specify which one best describes why you do not belong to an association:

- | | | |
|-----------------------------------|------|-------|
| 1. Lack of time | (20) | _____ |
| 2. Unwilling to pay dues | (0) | |
| 3. Not able to pay dues | (2) | |
| 4. I don't think they can help me | (54) | |
| 5. Other [specify]: _____ | (23) | |

(NOTE: The "other" reasons specified most often were: 1) no association has an office close to the place of operation; 2)no association understands our problems; and 3) unaware of the existence of organizations).