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Designing a National Brand Strategy and Management Framework for Lesotho

Abstract

Lesotho is a least developed country surrounded entirely by South Africa. This presents unique challenges in the context of country recognition in the global marketplace and undermines efforts to increase the volume and quality of foreign direct investment in targeted sectors of the economy. The Lesotho Government is focused on diversifying its economic base away from traditional products such as garments, diamonds and tobacco, which are mainly exported to the USA and neighbouring countries in the Southern African Customs Union (SACU). Diversifying exports will be best realised in correlation with a widening of export destinations to other non-SACU African countries and global markets further afield. Any effort undertaken by the country to diversify its export base will require an increase in domestic and/or foreign investment to transform sectors of the economy. However, Lesotho is plagued by a lack of recognition globally, which makes the country's investment promotion efforts challenging, even with a dedicated national agency driving such efforts. How can a country attract foreign investment when foreign investors do not know the country exists or what it stands for? The national brand strategy and management framework for Lesotho has been developed to address this specific problem and other aligned challenges, such as how to develop unique products of Lesotho in a sustainable way.

What is nation branding and why is it relevant?

What is a nation brand and why is a strategic approach to identifying one so important for global recognition? A nation brand is a powerful tool for communicating the values of a country and creating a coordinated and consistent message that resonates with local stakeholders and investors. A nation brand may help to stimulate exports, attract tourism, improve the quality of immigration, increase foreign investment and promote a positive international perception of a country. In a



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Place branding is relevant because consumers and investors continue to rely heavily on country images in making economic decisions. Branding has become a central tool in country competitiveness, where having a bad reputation or none at all seriously affects a country's ability to compete. Thus, effective country branding can give a competitive advantage in world markets and open up many opportunities for developing countries.

Jorges de Vincente, 2004¹

crowded global market, in which many countries are aggressively trying to attract much-needed investment, any leverage over neighbouring and distant competing countries should not be underestimated. Export and investment promotional agencies are better placed to promote the benefits and unique properties of a country when it is recognised for particular positive attributes.

Country branding is unusually complex, as there are lots of different elements to be considered to define a nation brand that fits the country. A country brand encompasses multiple levels, economic sectors, dimensions and disciplines beyond conventional branding. However, fundamentally, the principles that are defined for product brands are also relevant to country brands, that is, **a vision, a purpose, values, goals and key objectives**, which need to be communicated to consumers and stakeholders.

Globally, many developed economies and emerging market economies have developed a national brand strategy in recent years, for example the *GREAT Britain* campaign or Singapore's *Passion Made Possible*. The key objective for these countries is to continue to raise reputational profiles and support the drive for domestic and foreign investment and economic growth. Typically, a nation brand demands that a country should **define, protect and defend** the brand. The last two activities incur costs, but they may also be monetised through litigation and the threat of litigation.

However, a national legal framework must be in place to enable this to happen. In other words, products, symbols and original works must first be protected (through copyright, trademarks or other intellectual property rights) at home before they can be protected and defended in the international arena. This can be done through geographical

indication and appellation of origin schemes, under which products may be named only according to their geographical location of production, arguing that the location is a major factor in the unique properties of the product and under mutual recognition agreements.

Countries that protect their intellectual property domestically are in the best position to protect and defend goods and symbols of national cultural significance and to be awarded compensation when those rights are infringed upon. France and Mexico are good examples of countries that are prepared to defend their unique products, such as champagne and tequila, respectively, under geographical indication/appellation of origin protection. The award of the geographical indication given to these beverages protects the products from counterfeit, for example only sparkling wine made in the region of Champagne may be marketed as champagne. Interestingly, there is no global legislative framework that protects the use of a country's name on products, although the discourse continues to be vigorously debated and analysed at the World Intellectual Property Organization (WIPO).

When countries attempt to define a nation brand, different, often conflicting, viewpoints, strong opinions and perspectives arise. This is entirely normal and necessary and will surely deliver a better product in the end. A nation brand image may be influenced by short- or long-term major events. A nation brand image can move negatively quickly but positively very slowly over time. This is a challenge for countries that desperately need to change their image but may lack the goodwill of the global community to do so. Take, for example, post-apartheid South Africa, which had to undergo a major nation branding exercise budgeted in tens of millions of US dollars and which had major global goodwill to do so.

The Commonwealth Secretariat's Trade Competitiveness Section is helping countries such as Lesotho to develop their 'nation brand'

and raise the capacity of the private sector, including exporters, to engage with the country's intellectual property (protected or not) while pursuing export diversification and increasing economic growth.

Country context

Lesotho is geographically surrounded by South Africa and is economically integrated into that country as well. Lesotho's economy is based on mining, agriculture, livestock, garment manufacturing and workers' remittances. In addition, as a member country, it receives receipts from the SACU. Formal sector employment consists of mainly female workers in the apparel sector, male migrant labour, primarily miners, in South Africa and employment in the Government of Lesotho. Almost 50 per cent of the population earns income through informal crop cultivation or animal husbandry, with nearly two-thirds of the country's income coming from the agriculture sector.

Lesotho is one of a handful of African countries that have taken good advantage of the African Growth and Opportunity Act to become the largest exporter of garments to the USA from sub-Saharan Africa. In mid-2004, the percentage of employment from the garment and apparel sector reached 50,000 mainly female workers, marking

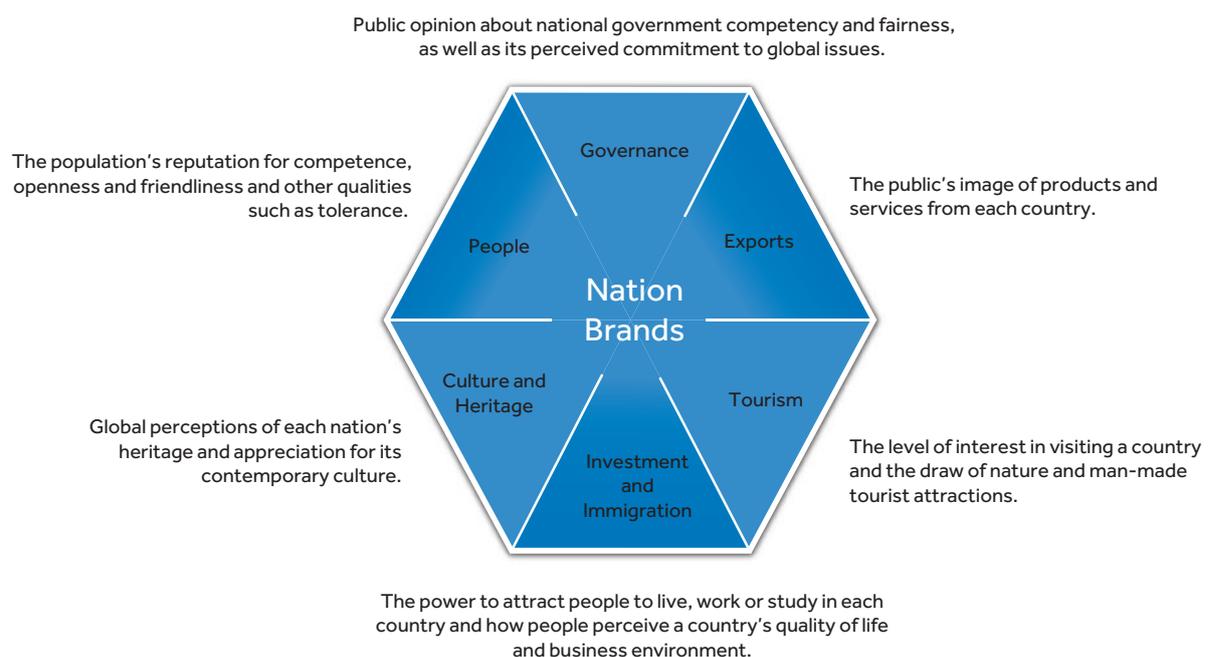
the first time that manufacturing sector workers have outnumbered government employees.

Lesotho has progressed in moving from a predominantly subsistence-oriented economy to a lower middle-income economy, exporting natural resources and manufactured goods (admittedly a small range). The exporting sectors have brought higher and more secure incomes to a significant portion of the population.

The Lesotho Government's apex export and investment promotion agency, the Lesotho National Development Corporation (LNDC), requires technical assistance to develop a structure for export promotion and to increase the visibility of Lesotho as an investment destination through the development of a nation brand programme. As mentioned, nation branding is identified as a powerful tool for communicating the values of Lesotho and creating a coordinated and consistent message that resonates with investors.

Other country-led initiatives to build an enabling environment for export growth are well aligned with efforts to create an investment climate conducive to rapid yet sustainable economic development. These efforts, if well positioned with regard to raising Lesotho's profile globally, should encourage more foreign and domestic investment into productive sectors.

The Anholt-GfK Nation Brands Hexagon



Source: Anholt (2006, 186)².

Nation brand building alone will not be sufficient to attract foreign investment or encourage confidence in domestic investors if the domestic climate is poor. Ensuring an effective business climate is important and goes hand in hand with nation branding, as one is ineffective without the other.

Nation branding as a unique distinguisher

The Commonwealth's work on nation branding expanded in early 2017 after discussions with the Government of Lesotho on the development of an export diversification project that would provide support to the country's premier development agency, the LNDC. It soon became apparent that the country could benefit from the design of a national brand strategy. This unique (from a Commonwealth perspective) request largely arose from Lesotho's experience that a large majority of international businesses struggled to identify where Lesotho is physically located and its unique selling point for trade and investment. Efforts by export promotion agencies to try to explain its geographical location, simply by stating that the country is surrounded by South Africa, served only to further confuse potential international investors. A focus on building Brand Lesotho using the country's lead products would help to put the country on the map globally. A nation brand development project was born to assist Lesotho to do just that. The project supported the LNDC to carry out a number of participatory stakeholder consultations to define Brand Lesotho, identify the country's lead flagship products and create a management framework and action plan to deliver the objectives of Brand Lesotho.

The protection of Lesotho's lead product(s) will be important as the country moves ahead to launch its national brand strategy and management framework. A major product/symbol for Lesotho is the Basotho blanket, which has been used in sacred rituals for centuries. The Basotho blanket (Seana Marena) is a distinctive form of woollen tribal blanket traditionally worn by the Sotho people of Lesotho. Arguably, if the Basotho blanket had been protected under an appellation of origin, it is doubtful that Louis Vuitton (noted 15th strongest global brand, with a market capitalisation of US\$198.48 billion)³ would have been able to use Basotho blanket designs (without explicit reference or payment) in its 2015 collection. The French

fashion brand used the blanket's Seana Marena design on a number of haute couture items, priced at around US\$2,500 apiece.

Stakeholder consultations – crucial to building a national narrative on a nation's brand identity

It took time to bring all stakeholders to the same juncture, working towards the development of Brand Lesotho. Stakeholders come from disparate sectors (not necessarily well connected) and institutions – whether private sector, civil society, public sector, academia etc. All stakeholders have their own priorities, concerns and challenges, not to mention individual visions and perspectives, on what Brand Lesotho is. Understanding that no one voice or stakeholder is paramount in defining Brand Lesotho, which is deeply embedded in the identity of the country, is part of the important journey towards getting agencies and individuals to work together well. A key factor in the effective delivery of a Brand Lesotho strategy is recognising that the process of participatory stakeholder consultation takes a long time. There is no short cut to reaching consensus on a vision of a country. The participatory stakeholder consultation can be enhanced when a national development plan is already in place (as it is for Lesotho), yet the existence of a national development plan does not replace the consultative phase in project design. For Lesotho, the King of Lesotho was particularly important as a symbol of Basotho values and, therefore, the buy-in of his majesty's office to the consultative process for the development of Brand Lesotho was critical and very helpful.

The stakeholder consultative process included conducting the following key elements:

- Discussions with key stakeholders to determine key elements and/or products of the national brand. In particular, stakeholders were encouraged to identify 'brand positioning', 'unique value proposition' and Lesotho's 'brand concept'.

- Stakeholders assessed a representative range of existing branded products from various sectors; agro-processing, water, manufacturing, crafts, tourism, etc. This included undergoing a number of exercises to interrogate the international quality standards applicable for the key sectors/products identified and to identify unique Lesotho products potentially eligible for an Appellation of Origin or Geographical Indicator.
- Stakeholders revisited Lesotho's existing national policy framework, to assess whether there is sufficient protection of existing brands, trademarks, patents, etc. Stakeholders considered what recommendations could be made or captured under the Country Brand Strategy and Management Framework to better protect the country's emergent brands.

Commonwealth technical assistance – nation branding and embedding a management framework

Under the project, technical assistance was provided to develop a strategy for a national branding campaign for Brand Lesotho. The strategy incorporates a brand management framework for ongoing implementation, monitoring and evaluation.

From a Commonwealth Secretariat perspective, there is assurance that the Lesotho project is aligned with the Secretariat's strategic plan to provide effective policy mechanisms for integration and participation in the global trading system as an intermediate outcome.

Two major outcomes from the delivery of the project are the raised capacity of the LNDC to improve its trade and investment promotion services and the implementation of the Brand Lesotho strategy, which is likely to help in promoting the country as a prime investment destination.

Lesotho underwent a number of iterations of stakeholder consultation; debating critical elements that make up Brand Lesotho, finally agreeing on a vision and message for stakeholders to take forward. Once these main tenets were in agreement, the question became – what next? The country brand strategy had its management framework articulated as part of the design

process, so a major building block had been achieved. However, it was recognised that a 'costing exercise' for Lesotho would be useful, as the major implementing partner, the LNDC, wanted to know how Brand Lesotho would eventually measure up against the 'best in class' for a nation brand – in terms of its objectives. This necessarily, pulled the discussion back again to where is the country starting from in this process and what could be done to kick start Lesotho to acquire vital institutional knowledge that may otherwise take years to accumulate. This would assist Lesotho in avoiding costly mistakes, especially in the early stages of implementation. Thus the Commonwealth staff and consultancy team sought to benchmark insights gathered from more experienced nation brands in the region (Brand South Africa, Kenya and Botswana) and communication agencies.

Strategy Costing Approach

Key Objectives:

- To investigate general insights (learnings) for the establishment of an entirely new nation branding organisation, including information on best practice performers, their processes and systems, as well as structures (human capital).
- To conduct a benchmark costing exercise as an input into the budgets for implementing the Lesotho Country Brand Strategy Management framework (2018).

A way forward

Countries may need to further buttress the protection available under WIPO and the TRIPs⁴ Agreement through a number of bilateral and multilateral agreements that outline mutual recognition and protection, ensuring that unique products are recognised as products of origin from a country and consequently not permit the sale of any product that is not original under the same name, unless it has been lawfully produced in the nation state registered as the original owner of that intellectual property. National agencies must be resourced to enable effective enforcement, as local producers will probably need an entity to alert, regarding infringements on the production and marketing of goods that have the protection of an appellation of origin or other intellectual property tool.

For many countries, a unique product that could potentially gain appellation of origin classification is not simply a product but *an important cultural symbol reflecting tradition and its environment, which has a great deal of significance to the nation* – such as the Basotho blanket. Surprisingly, only 28 countries are party to the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (as of April 2017), none of which are Commonwealth countries. Low country participation may indicate that the value of the geographical indicators/appellations of origin framework is underestimated, the benefits are little understood and/or the cost of utilisation is high. However, a number of Commonwealth countries are highly engaged in the discourse at WIPO to develop agreement on the protection of country names as well as other aspects of intellectual property rights.

The Commonwealth Secretariat can support members in building their institutional capacity to identify intellectual property and define a strategy to monitor and defend these unique goods. However, it must be noted that protection of intellectual property cannot be in a vacuum for the sake of it; rather, private sector drivers would need to

purposefully exploit the potential of that product for its value to be fully realised and country export competitiveness enhanced.

Endnotes

- 1 De Vicente, J 2004, in Mihailovich, P., 'Kinship Branding: Looking Beyond Nation Branding.' Journal of Place Branding. Volume 2, No.3 July 2006. <http://philippemihailovich.com/documents/KinshipBrandingJnlofPlaceBranding.pdf> (accessed 21 May 2019).
- 2 https://www.researchgate.net/publication/328333841_NATION_BRANDING_THE_STRATEGIC_IMPERATIVE_FOR_SUSTAINABLE_MARKET_COMPETITIVENESS (accessed 3 May 2019).
- 3 <https://www.forbes.com/companies/louis-vuitton/#5baea1926dbe> (accessed 3 May 2019); <https://www.marketbeat.com/stocks/OTCMKTS/LVMUY/> (accessed 3 May 2019).
- 4 Trade-Related Aspects of Intellectual Property Rights (TRIPs). The Agreement is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organisation, signed in Marrakesh, Morocco on 15 April 1994.

Trade Competitiveness Section

The Commonwealth Secretariat's Trade Competitiveness Section (TCS) of the Trade, Oceans and Natural Resources Directorate provides technical assistance (TA) to member countries in order to improve their trade competitiveness in global markets. Recognising the limited size of the domestic market in many member countries, TCS focuses on export development, with interventions targeted at the national level and where requested, escalated to the regional or international level. The section recently has been given responsibility for implementing the Commonwealth Secretariat's Trade Finance Facility in its work programme.

TCS's specific areas of expertise include:

1. **Market Access** – Interventions in this area of work aim to secure sustainable market access for priority exports. The section is helping member countries in identifying 'New Products and New Markets' and developing schemes around them to diversify their exports. TA is being provided to many countries on targeted action plans for linking into regional and global value chains. The section is also helping member countries in their multilateral, regional and bilateral trade negotiations.
2. **Export Development Strategies** – This initiative supports member countries to design and implement strategic plans for trade competitiveness and export development, underpinned by mechanisms for effective dialogue with governments and non-state actors. National Trade Policies and National Export Strategies have been designed for many member countries.
3. **Enhancing the development and exports of services** – Exports of services can create employment, diversify exports, enhance productivity and empower low skilled workers. This area of work supports member governments to benefit from the new opportunities created by globalisation and trade liberalisation.
4. **Trade Facilitation** – Trade facilitation encompasses the process of identifying and addressing bottlenecks imposed by weaknesses in trade related logistics and regulatory regimes that prevent the timely and cost-effective movement of goods. To deliver this short-term outcome, interventions focus on assisting member countries to reduce the costs of doing business and, as signatories to the WTO, meet their international obligations in this area. Interventions are made through the development of strategic action plans, benchmark studies and reports, and capacity-building in trade facilitation.

TCS works in response to the requests received from the governments or apex institutions and provides technical assistance to address the competitiveness issues cited above. Areas of expertise include export diversification strategies; gender sensitisation of trade policies; implications of trade agreements and related policy advocacy; implications and compliance to WTO agreements; GATS and Trade in Services Agreements; Mega FTAs like Trade in Services Agreement (TiSA), Economic Partnership Agreements (EPAs), etc; trade facilitation measures and Trade Facilitation Agreement (TFA) along with cost of compliance to the TFA. For 2018/19, the section is providing TA to 13 countries with 23 projects.

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