



# Evaluation of the European Union's Co-operation with Lesotho 2008-2013

Final report

Volume III – Annexes 10-11

July 2015

Contract No EVA 2011/Lot 3  
Specific contract 2014/337123/2





Consortium of  
ADE, ITAD and COWI  
Consortium leader: ADE s.a  
Contact Person: Edwin Clerckx  
Edwin.Clerckx@ade.eu

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*The opinions expressed in this document represent the authors' point of view, which is  
not necessarily shared by the European Commission or by the authorities of the  
concerned countries.*

*This report has been prepared by*



Rue de Clairvaux 40, Bte 101  
B-1348 Louvain-la-Neuve (Belgium)  
Tel: +32 10 45 45 10  
Fax: +32 10 45 40 99  
E-mail: [ade@ade.be](mailto:ade@ade.be)  
Web: [www.ade.be](http://www.ade.be)



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MASERU



## **Annex 10: Draft Final Report Presentation Seminar in Maseru**

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ANALYSIS FOR ECONOMIC DECISIONS

*This document supports a verbal presentation and should not be used for other purposes*

# Evaluation of the European Union's Cooperation with Lesotho over 2008-2013

**Presentation of Draft Conclusions and Recommendations**  
Maseru 10<sup>th</sup> of June 2015

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## **AGENDA**

- Methodological aspects
- Main conclusions
- Discussion
  
- Recommendations
- Discussion

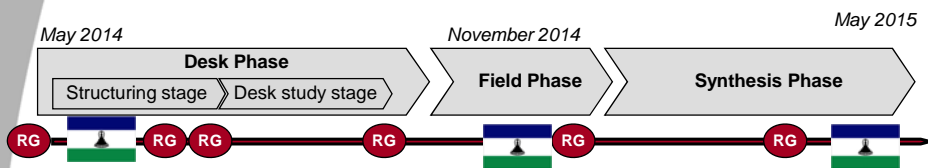
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## AGENDA

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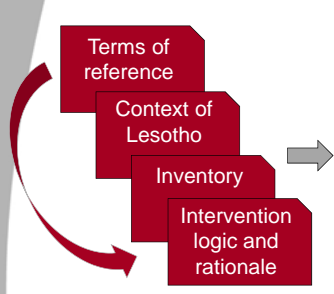
## Evaluation process




### Evaluation tools used:

- Reconstruction of the intervention logic
- Definition of evaluation questions
- Analysis of macro-economic and sector data
- Documentary analysis (programming documents, national strategy, programme evaluations,...)
- Detailed review of 16 interventions
- Interviews in Lesotho, South Africa, Botswana and Namibia with Government, CSOs, private sector businesses, donors, EUDs, SADC and SACU

## Evaluation Questions




Nine Evaluation Questions	
Relevance	<ul style="list-style-type: none"> <li>Rationale of EU involvement</li> <li>Regional leverage</li> <li>Relevance and Coherence</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>Social Protection</li> <li>Water and sanitation</li> <li>Budget support</li> <li>Non State Actors</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>Management of the programme</li> <li>Aid modalities and aid instruments</li> </ul>


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## AGENDA

- Methodological aspects
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## Conclusions

<i>Relevance</i>	Time to reconsider the strategic direction of cooperation?	C1
	Available instruments not adequate for country challenges	C2
	Programming choices responded to needs and were strongly influenced by EU directives	C3
<i>Outcomes, impact and sustainability at sector level</i>	Effectiveness limited by weaknesses in public administration	C4
	Lack of accountability of public service affects service delivery	C5
	EU helped GoL to shape social protection systems but sustainability remains at risk	C6
	Improved service delivery and coordination in water supply	C7
	Limited relevance and effectiveness of budget support	C8
	Strengthened capacities of NSA but sustainability at risk	C9
<i>Management of cooperation</i>	EUD staffing not attuned to aid portfolio	C10
	Better aid effectiveness with projects than with budget support	C11

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## Conclusion 1 Relevance

<i>Relevance</i>	Time to reconsider the strategic direction of cooperation?	C1
	Available instruments not adequate for country challenges	C2
	Programming choices responded to needs and were strongly influenced by EU directives	C3

The European Commission's country level engagement with Lesotho was appropriate to the geopolitical context at the time:

- Difficult relationships between Lesotho and South Africa
- EU aligned by not adopting a regional perspective

Shifts in the regional political economy, the EU's new role and responsibilities and the changes in the donors' landscape in Lesotho provide a unique opportunity for giving the EU's engagement a new direction. However:

- Existing EU instruments are inadequate
- There is no EEAS staff in the EUD
- The political context in Lesotho is not always favourable.

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### Conclusion 2 Relevance

	<b>Time to reconsider the strategic direction of cooperation?</b>	C1
<b>Relevance</b>	<b>Available instruments not adequate for country challenges</b>	C2
	<b>Programming choices responded to needs and were strongly influenced by EU directives</b>	C3

The combination of national and regional approach did not address Lesotho's specific challenges, its unique position within the region or its relationship with South Africa.

- EU supported regional economic and trade integration and offered EBA at a wider level, both benefiting little to Lesotho
- Social areas and management of regional public goods, closer cooperation and integration with South Africa could not be funded from existing instruments
- PSD was hardly supported
- All interested parties are keen to find solutions to Lesotho's constraints


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### Conclusion 3 Relevance

	<b>Time to reconsider the strategic direction of cooperation?</b>	C1
<b>Relevance</b>	<b>Available instruments not adequate for country challenges</b>	C2
	<b>Programming choices responded to needs and were strongly influenced by EU directives</b>	C3

The programming of country cooperation responded to needs but could have taken better account of local and sector priorities, constraints and experience.

- Lesotho's development agenda is wide. The choice of sectors and instruments for EU support appears heavily influenced by policy directions from EU headquarters whilst...
- local conditions for aid effectiveness didn't sufficiently count in the decisions, and...
- lessons from past cooperation experiences were not systematically capitalised upon.


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### Conclusion 4 Outcomes, impact and sustainability at sector level

Effectiveness limited by weaknesses in public administration	C4
Lack of accountability of public service affects service delivery	C5
EU helped GoL to shape social protection systems but sustainability remains at risk	C6
Improved service delivery and coordination in water supply	C7
Limited relevance and effectiveness of budget support	C8
Strengthened capacities of NSA but sustainability at risk	C9

*Outcomes, impact and sustainability at sector level*

The weaknesses of public administration in Lesotho have overshadowed the potential effectiveness and sustainability of EU aid:

- Donors focused on the monitoring tool (the PAF) rather than on the performance it enabled to highlight
- Policy implementation was poor and worsening over the period, affected by weaknesses of the public administration and lack of commitment to reform.


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### Conclusion 5 Outcomes, impact and sustainability at sector level

Effectiveness limited by weaknesses in public administration	C4
Lack of accountability of public service affects service delivery	C5
EU helped GoL to shape social protection systems but sustainability remains at risk	C6
Improved service delivery and coordination in water supply	C7
Limited relevance and effectiveness of budget support	C8
Strengthened capacities of NSA but sustainability at risk	C9

*Outcomes, impact and sustainability at sector level*

Lesotho suffers from an overall lack of accountability of the public service which undermines the effectiveness of the services it delivers.

- The Parliament and CSOs insufficiently challenge Government
- The population benefits from public employment, social transfers and low tax levels and exerts little pressure on service providers
- Civil servants are not held accountable for their service delivery

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## Conclusion 6 Outcomes, impact and sustainability at sector level

*Outcomes, impact and sustainability at sector level*

Effectiveness limited by weaknesses in public administration	C4
Lack of accountability of public service affects service delivery	C5
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Improved service delivery and coordination in water supply	C7
Limited relevance and effectiveness of budget support	C8
Strengthened capacities of public administration but sustainability at risk	C9

- Experiences gained through the CGP helped shape the national social protection system.
- Sustainability: transfer to the Government still needs complementing with technical advice.
- The CGP has been an excellent source of learning/ good practice development

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## Conclusion 7

*Outcomes, impact and sustainability at sector level*

Effectiveness limited by weaknesses in public administration	C4
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Strengthened capacities of public administration but sustainability at risk	C9

The EU played a key role in the water sector: long term involvement and contributions from:

- project support to increased water service delivery (although progress towards MDG 7c slower than expected) and environmental protection,
- sector budget support to better sector coordination but not to expected improvement of sector planning and monitoring.


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## Conclusion 8

*Outcomes, impact and sustainability at sector level*

Effectiveness limited by weaknesses in public administration	C4
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- BS triggered by a suddenly deteriorated macro-fiscal framework
- BS didn't consider weaknesses of public administration which affected public policy implementation, PRS and PFM reform, and thus BS and PFM support's effectiveness and sustainability


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## Conclusion 9


*Outcomes, impact and sustainability at sector level*

Effectiveness limited by weaknesses in public administration	C4
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NSA have an important role to play, both as complementary service providers and as vehicles for improved accountability and governance. Results of EU support were mixed:

- good in pro-poor service delivery and human rights
- Slow progress in decentralisation

Sustainability of CSO was found to be at risk.


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## Conclusion 10 Management of Cooperation

*Management of cooperation*

**EUD staffing not attuned to aid portfolio** C10

**Better aid effectiveness with projects than with budget support** C11

- EUD's staffing levels and expertise were not attuned:
  - to the management/reporting requirements
  - to the breadth of involvement in focal and non focal sectors
- The situation worsened with the added responsibility for political dialogue and no political officer. However,
- Current situation of EU single representative could be an example of what EU can achieve with its new political weight if EUD were to be properly staffed.

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## Conclusion 11 Management of Cooperation

*Management of cooperation*

**EUD staffing not attuned to aid portfolio** C10

**Better aid effectiveness with projects than with budget support** C11

- Effectiveness of EU support was found to be lower for budget support than for projects because of weaknesses in public administration.
- Portfolio implementation was constrained by public absorption capacity and EU administrative procedures
- BS policy dialogue had important added value in the beginning of the period; the quality of the dialogue was unrelated to the relative importance of BS compared to SACU.

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## DISCUSSION

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## Recommendations

<b>Strategy level recommendations</b>	Widen the cooperation approach to include sub-regional development cooperation, political dialogue and PSDT	R1
	Prioritise political dialogue on civil service reform, reassess the priorities of the cooperation programme	R2
	Reconsider the continuation and future use of budget support	R3
	Future use of budget support should be directed at sector level	R4
	Support the fight against the spread of HIV/AIDS	R5
<b>Sector level recommendations</b>	Complete the handover of the social protection system	R6
	Continue supporting the water sector	R7
	Reassess the value added of TA provision; link it to civil service reform implementation	R8
	Continue support to NSA; review support to decentralisation	R9
<b>Recommendations for management of cooperation</b>	Review EUD staffing	R10

## Recommendations

<b>Strategy level recommendations</b>	Widen the cooperation approach to include sub-regional development cooperation, political dialogue and PSDT	R1
	Prioritise political dialogue on civil service reform, reassess the priorities of the cooperation programme	R2
	Reconsider the continuation and future use of budget support	R3
	Future use of budget support should be directed at sector level	R4
	Support the fight against the spread of HIV/AIDS	R5

### R1. Widen the cooperation approach: national development, sub-regional cooperation, political dialogue, PSI and trade at sub regional level

Lesotho dependence upon South Africa

EU country based approach

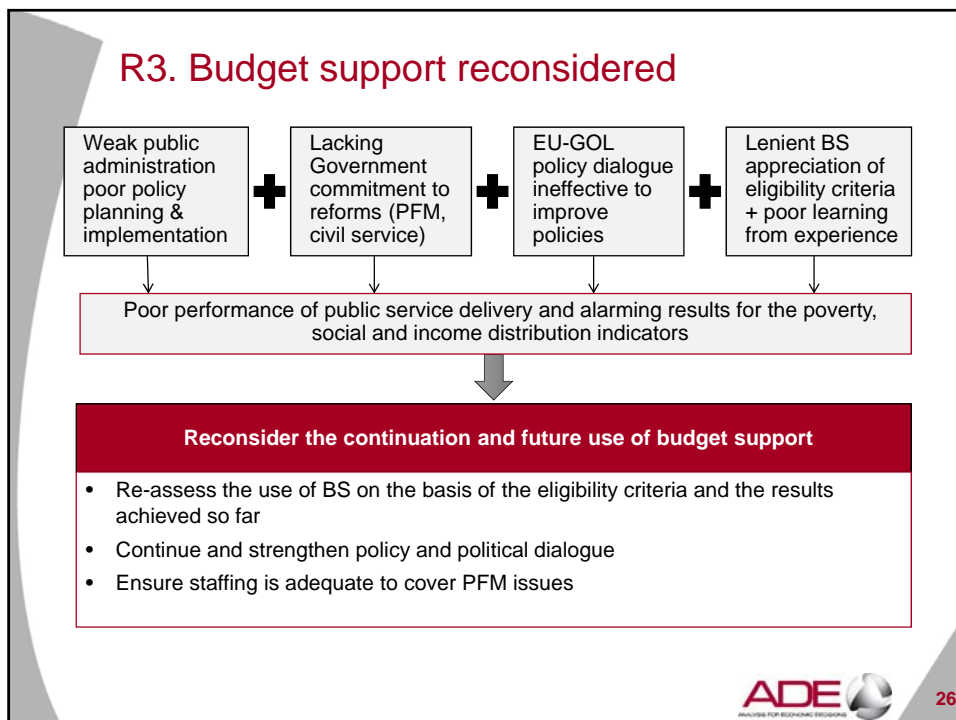
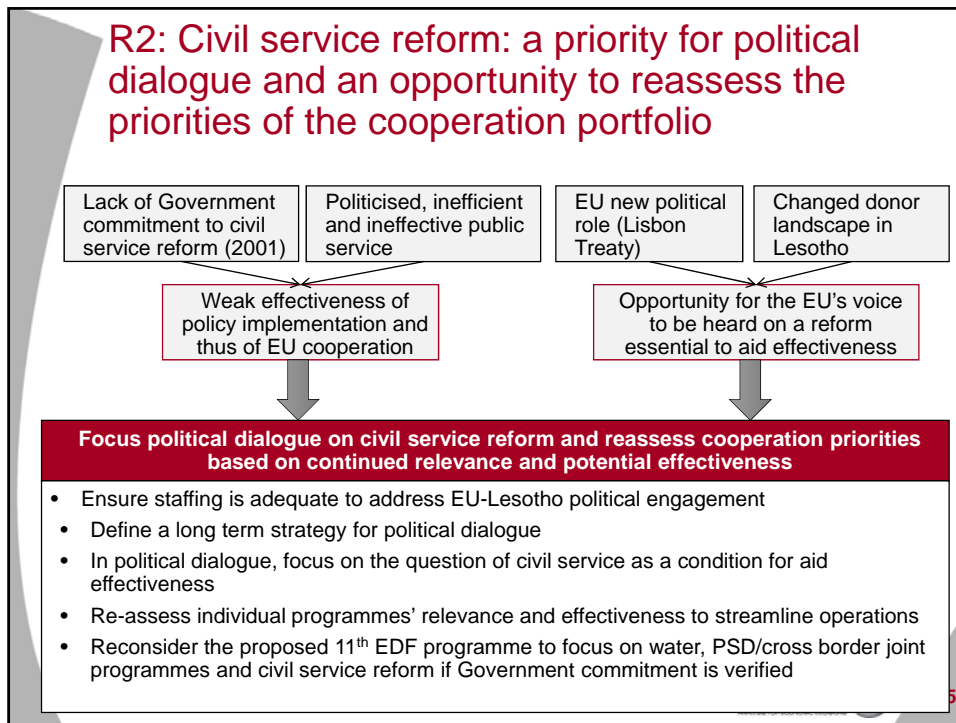
Protocol 3 of Cotonou Agreement

**Need to overcome EU instrument limitations:**

- to help Lesotho to make better use of the economic opportunities offered by the South African market
- to stimulate cooperation between the two countries on other areas of mutual interest

- Ensure staffing is adequate to address EU-Lesotho political engagement
- Consider new financing instruments and use of existing instruments
- Engage with other interested institutions and donors
- Use political dialogue and policy dialogue, trade agreements/advice/promotion and funding of activities to develop and strengthen Lesotho's competitiveness

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### R4. Future budget support, should eligibility criteria be satisfied, should focus on sector level support and sector performance

Effectiveness of BS undermined by lack of commitment to reform and public administration weaknesses

SBS in water improved sector coordination but flow of funds effect not realised

11<sup>th</sup> EDF indicates willingness to continue BS

Tie future budget support (should eligibility criteria be satisfied) to sector performance and to sector Medium term expenditure framework

- Carefully assess the conditions for budget support with focus on implementation of civil service reform and assessment of the credibility of GoL policies
- Undertake sector budget support, not general budget support
- Increase the performance based element of the programme to the maximum 100%
- Condition the support to budget allocations being effectively made in accordance with MTEF based on sector priorities
- Tie institutional capacity support to improved human resources management

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### R5. Fighting against the HIV/AIDS pandemic

HIV/AIDS affects 58.6% of Basotho women aged 15 and above and 23.1% of the total population

Effectiveness and sustainability of CGP and SPS undermined

Messages for HIV prevention not linked to CGP

Support the fight against the spread of HIV/AIDS

- Lobby for the reinstatement of the national HIV/AIDS Commission
- Lobby for increased Government and communities' attention to - and support for - HIV prevention and care, in the communities and at the workplace
- Lobby to couple social protection with prevention measures: use the CGP to mobilize the communities, medias and decentralized governance systems for prevention
- Explore opportunities with GoL to capture migrants in the foreseen social protection package as per the NSPS


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## Recommendations

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<b>Sector level recommendations</b>	Complete the handover of the social protection system	R6
	Continue supporting the water sector	R7
	Reassess the value added of TA provision; link it to civil service reform implementation	R8
	Continue support to NSA; review support to decentralisation	R9

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## R6. Consolidate achievements in social protection

10% to 16% of the population benefits from social protection measures

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Sustainability of the SPS is still at risk

←

Design of Social Protection System still requires finalisation

Measures need to be put in place to ensure that the social protection system the EU helped set up, then transferred to GoL, is effective and sustainable

- Provision of advisory services to GoL on roll-out of SPS and advocacy for needs-based protection services
- Support community mobilization and government accountability also using the CGP
- Design livelihood interventions as a package with the cash grant for both effectiveness and possible graduation/exit strategies
- Share lessons learned and good practices
- Initiate a complaint mechanism for social protection systems delivery


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## R7. Continued support to the water sector

EU projects contributed to improved water service delivery and environmental protection

EU BS improved sector coordination

Sector strategic and managerial capacities as well as M&E require strengthening

**Continue supporting the water sector with both project and sector wide funding**

- Participate in the funding of the Metolong bulk water scheme
- If conditions are right, provide sector budget support linked to implementation of the MTEF and to sector performance
- Encourage reconstruction of the water sector information management system
- Support vocational awakening to WS topics as well as institutional strengthening on technical and managerial issues

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## R8. Civil service reform: the cornerstone to effective technical assistance

The effectiveness of TA in PFM and macro-fiscal policies was jeopardised by the weakness of public administration and the lack of uptake of lessons learned from past experience

**Reassess the value added of continuing TA in the current context (no HR management, weak public administration) and consult previous evaluations of TA programmes**

- Evaluate the value added of the on-going TA (in support of the PFM reform action plan, aid coordination and the NAO).
- Reassess the validity of launching the planned TA programme (PRBS2)
- Use political dialogue for highlighting importance of civil service reform
- Continue strengthening CSO and Parliamentary committees
- Recruit a PFM advisor for the EUD

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## R9. The importance of Non State Actors

Important role of NSA, both as service providers and as vehicles for improved accountability and governance

Slow progress in decentralization and difficulties of timely fund release w/r to fiscal decentralisation

**Continue funding NSA in Lesotho, whilst gradually building up their capacity. Review continued EU involvement in decentralisation.**

- Continue funding NSA whilst seeking to strengthen their capacity and ensuring their financial sustainability beyond EU support.
- Continue to encourage consortia to form to respond to Calls for Proposals in order to lessen the degree of fragmentation of NSA
- Continue to use EUD direct management using a Local Agent
- Undertake, as a priority, a Mid-Term Review of the decentralization programme.

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## Recommendations

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**Recommendations for management of cooperation**

Review EUD staffing

R10

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## R10. Need for appropriate management resources

EUD staffing levels and expertise not attuned to workload cooperation portfolio

EU sole EU representative in Lesotho

Potential future of regional approach and more projects than budget support



Staffing resources in the Delegation should be better adapted to its constraints and its ambitions.

- Ensure staffing is adequate to address EU-Lesotho political engagement
- Adapt staffing to programmes
- Simplify the non focal sector portfolio/revisit support to decentralisation and justice
- Increase coverage of ROM missions

## AGENDA

- Methodological aspects
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- Discussion

# DISCUSSION

+32 (0)10-45.45.10  
Rue de Clairvaux, 40, bte 101  
1348 Louvain-la-Neuve  
Belgique

Thank you for your attention



# **Annex 11: Minutes of the Draft Final Report Presentation Seminar in Maseru**

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**Evaluation of EU's Co-operation with Lesotho 2008-2013**  
**Minutes of the Draft final report presentation Seminar held in Maseru on 10<sup>th</sup> of June 2015**

**Agenda**

9:00	Opening remarks	EU Ambassador / Head of Delegation <i>Dr Michael Doyle</i> Minister of Finance / National Authorising Officer (NAO) for EDF <i>Hon. Dr Mamphono Khaketla</i>
9:15	Presentation of the evaluation: purpose and process	Evaluation manager from the Evaluation Unit at DEVCO, European Union headquarters <i>Mr C. Raudot de Chatenay</i>
9:30	Presentation of draft main findings and conclusions ----- Discussion	Evaluation team leader (external consultant) <i>Ms K. Thunissen</i>
11:00	Presentation of the draft recommendations ----- Discussion	Evaluation team leader (external consultant) <i>Ms K. Thunissen</i>
12:30	Concluding remarks & next steps	EU Ambassador / Head of Delegation <i>Dr Michael Doyle</i> Minister of Finance / National Authorising Officer (NAO) for EDF <i>Hon. Dr Mamphono Khaketla</i>

**Participants**

The seminar was attended by a cross section of high level representatives from the Lesotho Government (*Ministry of Finance, Ministry of Water, Department of Water Affairs, Department of Rural Water and Sanitation, DCEO-Directorate on Corruption and Economic Offence, Ministry of Social Development, Ambassador Extraordinary and plenipotentiary-Embassy of the Kingdom of Lesotho (Brussels)*), the High Court, donors (*UNICEF, UNDP, WFP and GiZ*) and CSOs (*Lesotho National Council of NGOs and Send a Cow*); the EU Delegation Ambassador, Head of Cooperation and operational staff; the Evaluation Manager from the Evaluation Unit of the EU Commission in Brussels; the team leader of the evaluators and one of the evaluators (*see presence list in Appendix*).

**Opening of the seminar**

The seminar was opened by the EU Ambassador in Lesotho, Dr M Doyle who thanked all participants for coming to this event. The Ambassador explained that the seminar was co-chaired by the Minister of Finance, Dr Mamphono Khaketla, in her role of National Authorising Officer. Special thanks were extended to her Excellency the Ambassador of Lesotho to the EU for her presence at this seminar.

In his opening speech, the Ambassador highlighted the importance of regularly taking stock of EU-Lesotho relationships in politics, development cooperation and trade, and reminded the participants of the objectives of the evaluation. He asked participants to freely comment on the presentation and on the report which is a draft report to be finalised after this seminar, taking comments into account.

The honourable Dr Khaketla, Minister of Finance, also welcomed all participants on behalf of the Lesotho Government and made an opening speech stressing that evaluations are not easy but are in

the best interest of the Basotho people; the evaluation report should thus be discussed with the aim to have a document that can help the Basotho people. She stressed that the evaluation report comes at the right time when she has just assumed the responsibility of NAO, helping to put in perspective the key priority areas that need immediate attention.

Dr Khaketla noted that the assessment of NSDP implementation by the Government and the World Bank has shown that its outcomes have not lived up to expectations, with poverty and unemployment levels still unexpectedly high. She stressed that the Government's agenda includes:

- civil service reform: an issue that is being discussed with the WB on ways to reduce the wage bill and increase the efficiency of the civil service
- strengthening aid coordination and PFM, issues moving forward with support of the EU, AfDB and WB.

Closing the opening session, Mr C Raudot de Châtenay, Evaluation Manager at the Evaluation unit in the EU Commission in Brussels, reminded the participants of the recognised importance of evaluations as decision making tools for the EU. Strategic country evaluations are undertaken regularly in all partner countries to learn lessons; they are independent and conducted by external evaluators; the evaluation process is totally transparent; it is used not only for accountability purposes but also for learning. The importance of discussing the conclusions and recommendations being presented today was again highlighted as was the fact that the recommendations presented are not binding in any way.

### **Presentation and discussions of conclusions and recommendations**

The evaluators' team leader, Karolyn Thunnissen, presented the report's conclusions and recommendations on the basis of a short PowerPoint presentation to leave ample time for questions and discussions. Following the presentation, the following issues were discussed based on the presentation and the participants' questions and comments.

#### **▪ Lesotho-South Africa relationships**

Regarding the draft conclusions and recommendations pertaining to a closer relationship between Lesotho and South Africa and the potential role of the EU in funding joint projects and brokering a rapprochement between the two countries, doubts were expressed by the participants on the following issues:

- Most importantly, the unlikelihood of South Africa engaging to undertake joint projects with Lesotho unless South Africa could also gain from it ; and the concern of many Basotho regarding imbalance in actions undertaken with the larger and dominant neighbour
- The economic gap between the two countries is important and was seen as a burden to collaboration between these two countries
- the role of the political context which can at times be difficult
- the blockage inherent to Cotonou's Protocol 3 and the ability of the EU to find an appropriate instrument to support regional endeavours
- the potential for the EU to advocate for a closer Lesotho-South African relationship.

In summary, the discussions appeared to question the feasibility of EU funded Lesotho-South Africa joint projects and to question the potential for the EU to broker and engage to move the approach forward.



The evaluator acknowledged these constraints but also underlined that the future of Lesotho lies in building more fruitful relationships with South Africa. For Lesotho, regional integration and expansion of its private sector cannot be undertaken without thinking of the country in its sub regional context where South Africa is the key partner. South Africa has definite interest in cooperating with Lesotho despite the difference in economic development: Lesotho is essential to South Africa (for water, for energy) and South Africa has shown it is keen to maintain political stability in Lesotho. The evaluators found that interest for closer cooperation with Lesotho was present at administrative levels in the South African Government (and in other donors). They also identified possible ways to circumvent the limitations for sub-regional integration imposed by Protocol 3: the PanAf, the SA-EU Strategic partnership and the associated dialogue facility, bilateral funding through reserved envelopes in both countries' programmes and identification of new financing instruments are possibilities that could be investigated further. The EU's position in Lesotho at the moment is conducive to it taking a leading role in initiating closer relationships between the two countries, at the minimum by starting small scale, sub-regional joint projects.

- **Public administration weaknesses and lack of accountability of public service providers**

Representatives of the Government wanted to understand the grounds/evidence for this conclusion and the contributing factors explaining the lack of accountability; it was also explained that the Government had set up an anti-corruption institution (DCEO) and that NGOs are very critical of Government spending. The evaluator responded by stating that the findings were based both on interviews and on the analysis of existing documentation; the conclusions on the weaknesses of the public administration and the lack of accountability of the public servants are shared by many reports, notably the 2013 and 2014 Commonwealth Commission reports (the Prasad reports). Despite being widely known, EU projects design had not sufficiently taken account of the shortcomings linked to public administration's weaknesses, thus contributing to the lack of effectiveness of public policies and EU supported projects.

- **Macro economic and fiscal performance and PFM progress**

Two participants underlined that Lesotho's macro-economic and fiscal performance has been very good (debt/GDP for example was drastically reduced over the period) and that the report did not sufficiently present the progress made during the observed period. The evaluator responded that indeed the evaluation report took account of this and the context has been described in the report. Macro-fiscal performance was very good during the period except the two crisis years but nevertheless progress of policy implementation left much to be desired in many other areas as witnessed by poor attainment of Government targets, and very poor results especially in social areas.

Within PFM, it was also underlined by the evaluator and some participants that the problem might not so much lie with the PFM procedures, which exist and are not inadequate, as with their application, thus not producing value-for-money and leaving a door open for lack of accountability and weak management. A participant confirmed that the current PFM doesn't link the policy priorities to the budget and the process is not transparent.

- **Effectiveness and sustainability: the social protection sector**

The question was raised whether the evaluation had analysed performance in the sectors against a baseline to analyse the progress made over time. It was noted that considerable progress had been made in social protection and in the CSO sector over the period studied.

In response, the evaluator confirmed that indeed the analysis of progress was the basis for the evaluation at sector level.

In the social protection sector, there have been major achievements with the number of beneficiaries increasing every year and the development of a social development policy as well as a strategy. It was clarified that it was the Government which requested the financing of the CGP to be transferred to public funding, even though all issues around the financial sustainability of the scheme had not yet been finalised. It is noteworthy that the new Government took over the scheme, ensuring its sustainability. Linked to the financial sustainability, the question of graduation out of the scheme and of a good community development programmes to follow up the CGP were notably raised by a participant. It was finally noted that the World Bank is now also active in the sector.

- **The water sector**

Several participants affirmed that results in the water sector have been very positive, especially those discussed in the latest review (JAR 2014, July 2014) and especially for water (less so for sanitation). It was also found that the report focused more on water than on sanitation.

The evaluator's response was that the report underlines the progress achieved in service delivery, which is attributed to the projects that took place (including the EU's 9<sup>th</sup> EDF projects) and not to BS, which contributed little to these results as the sector did not benefit from the additional flow of funds which would have enabled it to reach the results it agreed with the EU in its performance framework.

About the inclusion of water science in the curriculum, it was proposed that this should also be in tertiary education.

- **The NGOs**

The LCN wished clarification to be brought into the reasons why the NGOs did not engage more with Government to challenge its accountability: it is not as much a problem of NGOs capacities as a problem of access to information (the budget).

It was regretted by the participants that the justice sector was not covered by the evaluation as the EU has booked very positive results there and the sector will again be supported under the 11<sup>th</sup> EDF.

- **Budget support/project support**

It was noted by participants that the comparison between BS and project support is not fair as there is a time-lag involved in producing effects. For SBS it was noted that it also took a long time for the different parties to understand the functioning of this new financing instrument. The evaluator reminded the participants that the comparison between projects and BS had been a specific request of the ToR. The comparison was facilitated by the use of both instruments in the water sector: the lack of effectiveness of the SBS was linked to the weaknesses of the public administration and specifically to the lack of linkage between the budget allocations and the policy priorities.

Government representatives spoke out strongly in favour of budget support. The evaluator reminded the audience that there are four eligibility criteria to be satisfied for BS, two of which were not respected in Lesotho over the period of observation (progress evidenced in the results of PFM reform implementation and progress in achieving results from the NSDP implementation). The satisfaction of these eligibility criteria is an essential condition for the effectiveness of BS, because they demonstrate the effectiveness of public policy implementation that the EU is seeking to support.

Should conditions for BS be in place and SBS be supporting the W&S sector, it was argued that the recommendation to link BS disbursement fully to performance (no fixed tranche) was very risky for the Government and wouldn't allow it to receive the means necessary to obtain the results. It would also require better planning and better monitoring. The evaluator reminded the audience that a higher variable tranche boosts accountability and drive for performance; as BS is paid after conditions are satisfied, it is a 'reward for performance' and therefore not a risk: it is up to the MoF to allocate sufficient budgetary resources to the sector to enable it to implement its plan. Recommending a high variable tranche indeed also underlines again the necessity to set up adequate monitoring, data collection and treatment systems.

- **Other**

The evaluation should have looked into the reasons why EU support 'worked' in some sectors (social protection) and not in others (PFM). In the evaluator's opinion, it is too early to assess whether the EU support to the social protection 'worked' since there are still a lot of issues that need to be sorted out before the system can be judged to be sustainable. It was also recalled that the EU has to focalize its engagement on a limited number of sectors (three maximum).

The Ambassador of the EU explained that the political dialogue is based on formal yearly meetings plus regular ongoing dialogue.

The seminar was closed following closing remarks from the Acting Deputy Permanent Secretary of the Ministry of Finance and from the EU Ambassador in Lesotho.

Appendix - List of participants

**Consultative Seminar – Evaluation of the Cooperation of the European Union with Lesotho over the Period 2008 – 2013**

	Name and Surname	Organization	Contacts
1	JOHN MALEPESEANE LEPELE	Send A Cow Lesotho	John.lepele@sendacow.org 58851101
2	RAUDOT	EU - Evaluat Unit	
3	Theo Kaspers	EU Delegation	theodorus.kaspers@eeas.europa.eu
4	MOKAOETSI RAKUOANE	ADE	mraetsi.rakuoane@gmail.com 6346500
5	Thunnissen Karolyn	ADE	karolyn.thunnissen@gmail.com
6	HENDRIK VAN DER HEIJDEN	NAO - MOF	hvdheijdenpad.com 50226990
7	Stepan Kanayau	NAO - MOF	stepan.kanayau@synicys.com
8	Mokome Mafethe	EU	mokome.marorisang.mafethe@eeas.europa.eu
9	Mariam HOMAYOUN	EU	mariam.homayoun@eeas.europa.eu
10	Sjaak DE BOER	EU Delegation	jacobus.deboer@eeas.europa.eu
11	B. Matsoso	D.CEO	berotho1@gmail.com
12	Leboheng Masem	COW	lebohemase@gmail.com
13	MAISOLO MIGWI	DWA	migwinatsoto@gmail.com
14	MOEPI SEMATLANE	Finance	MSEMATLANE@404HOTMAIL.COM
15	TAKISO SHALE	MOSD	mtshale08@yahoo.com
16	MAKERATO TSITO	DCEO	makeratatsito@yahoo.com
17	LITELU RAMOKHORO	DCEO	liteluramokhoro@yahoo.com
18	Moteng Tsolo	Finance	moteng1104@hotmail.com
19	IKHABISO RAMAKAU	MDP	ikhabisoramakau@yahoo.com
20	KOTO MOLISE	NAO	Jimkoto@yahoo.co.uk
21	Khosi Letsie	PS FINANCE	khosi.letsie@gov.ls

	Name and Surname	Organization	Contacts
30	ETER MACHARIA	NAO office	phma chana@yahoo.co
33	NABO NTABE	NAO office	ntabete.en@gmail.com
34	LIMOMANE PESHOANE	UNDP	limomane.peshoane@undp.org
35	Molekhe Mokoche	NAO	molekhe.mokoche@gmail.com
36	PHEKO MASFOAI	AID COORDINATION-MAP	pheko2000@gmail.com
37	LEHLOHONBO NTAMM	DRWS	ntammal2@gmail.com
38	Testame Shiferaw	UNICEF	tshiferaw@unicef.org
39	Mpeo mahase-mailoa	Lesotho-Brussels	mpeomahase@yahoo.co.uk
30	KARIN POWLS	EU Delegation.	
31	Johanna Mosemme	UNDP	job.mosemme@undp.org
32	Amin Kloockhor	GIZ	amin.kloockhor@giz.de
33	Mabampeng Tsdele	MOF - Public <sup>Sebe and</sup> <sub>Acc.</sub>	mtsdele@yahoo.co.uk
34	TRAPPE Stephan	EU DELEGATION	stephan.trappe@eeas.europa.eu
35	Abici Lekulu	MOF	mrlekulu@gmail.com
36	Thabang Ramoeth	MOSD	thabangramoeth@gmail.com
37	NKOE MAJARA	Moss	majaranko@gmail.com
38	Mang Njoroge	WFP	Mang.Njoroge@wfp.org
39	Seabeta Motsamai	WEN	Seabeta.Motsamai@ken.org.ks
40	Lelete Selapane	High Court	selapane@rocketmail.com