



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

Final report

Volume II – Annexes

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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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# **Annex 1: Terms of Reference**







EUROPEAN COMMISSION

Directorate-General for Development and Cooperation — EuropeAid

Evaluation

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

**Country Level Evaluation**

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# 1 MANDATE

Systematic and timely evaluation of its co-operation, programmes and activities is a priority<sup>1</sup> of the European Commission, including legislation and other non-spending activities<sup>2</sup>. Evaluation is key to account for the management of the allocated funds, for informing decision-making processes and for learning lessons to improve development policy and practice.

The evaluation of the European Union's external co-operation with Lesotho is part of the 2013/2014 evaluation programme as approved by the Development Commissioner. This 'Country-Level Evaluation' is a complex evaluation, pitched at a strategic level and covering the overall EU co-operation strategy in Lesotho, over a long term period.

The main purposes of EU evaluations of this type are:

- to provide the relevant external co-operation services of the European Union and the wider public with an overall independent assessment of the European Union's past and current external aid and partnership relations with Lesotho;
- to identify key lessons and to produce recommendations in order to improve the current and future European Union's strategies, programmes and actions.

## 2 BACKGROUND

### 2.1 Country Context

Lesotho is a small, mountainous and landlocked country surrounded by South Africa. It is about 30,000 km<sup>2</sup> in size and has a population of approximately 2 million. Its capital and largest city is Maseru. The natural resources of the country are limited, the principal tangible assets being diamonds and water. Its mountainous geography and erratic weather pattern make it prone to natural disasters such as flooding.

Lesotho is classified as a lower middle income country and faces serious development challenges. In 2013, Lesotho ranked 158 out of 186 countries in the Human Development Index (HDI), placing it in the category of the "low human development" group. Most of the social indicators of the country are low, with more than 40% of the population living with less than \$1.25 a day.

More than 70% of the population lives in rural areas and is dependent on subsistence rain-fed agriculture. Food insecurity affects a large part of the population and is worsened by high food prices (the country imports two thirds of its food needs from South Africa). Climate change and erratic weather patterns are causing poor harvests and soil erosion (worsened by overuse of biomass). Despite, important water resources, access to water and sanitation remains challenging for large part of the population. The HIV/AIDS pandemic affects a large

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<sup>1</sup> EU Financial Regulation (art 27); Regulation (EC) No 1905/2006; Regulation (EC) No 1889/2006; Regulation (EC) No 1638/2006; Regulation (EC) No 1717/2006; Council Regulation (EC) No 215/2008.

<sup>2</sup> SEC(2007)213 "Responding to Strategic Needs: Reinforcing the use of evaluation"

part of the population and Lesotho is the third most affected country in the world. The Lesotho government regards HIV/AIDS as one of its most important development issues.

The economy of Lesotho is based on agriculture, livestock, manufacturing, mining, and highly depends on inflows of workers' remittances from migrants employed in South Africa. Nevertheless, Lesotho has been undergoing an economic transformation since the early 1990s, from being essentially a supplier of labour to South Africa to being driven by domestic production fuelled by private investment. Migrant remittances amounted to 50% of GNP until the late 1980s, which proportion has fallen to 20%. Agriculture has been falling as a share of GDP, with the service sector stagnant, but manufacturing, construction and mining growing. The garment industry established in the 1990s accelerated from 2000 with access to the US market. Water is the most important natural resource with high potential for export to neighbours and energy production. The energy sector itself has the potential to become a driver of economic development, as Lesotho's geography and natural resources would allow production of power from natural resources (water, wind, sun). Between 2005 and 2012, the economy has grown at an annual rate comprised between 3% to 7%, nevertheless, the economic growth has not been adequately inclusive, resulting in high concentration of poverty in rural areas, persistent high levels of inequality, and widespread unemployment. Unemployment stands around 20-25%, among the highest in the world.

Lesotho benefits from a stable political environment, multi-party democracy and relatively good performance in governance and gender. After 30 years of turbulent political history, the political system has peacefully evolved towards open and competitive elections. In May 2012, elections involving 18 parties saw Prime Minister Thabane form a coalition government. The government has made good progress in establishing the structures for its governance institutions and the new administration is committed to strengthening these further. Recent improvements include amendment to the constitution for establishment of Human Rights Commission, improvements in legal framework of Justice Sector and some progress in fighting low level of corruption. The Government of Lesotho has also followed through on its Decentralization efforts. The main challenge lies in ensuring the stability of the institutions and that they work effectively despite the weak human resource basis.

The Government has achieved a relatively stable macroeconomic framework, supported by the currency union with South Africa, the net transfers from the Southern African Customs Union (SACU) accounting for up to 50% of Government revenues. The Lesotho government's development goals are reflected in its "Vision 2020" and the National Strategic Development Plan (NSDP) approved in March 2012. For the period 2012/13 to 2016/17, the NSDP will serve as an implementation strategy for the National Vision 2020. The strategic goals are the following : (I) Pursue high, shared and employment creating economic growth; (II) Develop key infrastructure; (III) Enhance the skills base, technology adoption and foundation for innovation; (IV) Improve health, combat HIV and AIDS and reduce vulnerability; (V) Reverse environmental degradation and adapt to climate change; and (VI) Promote peace, democratic governance and build effective institutions.

## **2.2 The legal basis and political commitments of the European Union to Lesotho**

The legal framework of EU – Lesotho relations is provided by the Cotonou Agreement. The Partnership Agreement (Cotonou) as amended in June 2005 is the main bilateral accord governing Lesotho-EU co-operation. Lesotho is eligible to benefit from the EU's global Everything But Arms (EBA) initiative.

In December 2005, the European Council agreed on an EU Strategy for Africa. The Strategy provides a long-term, strategic framework for interaction between Europe and Africa. It defines how the EU can best support Africa's own efforts to promote sustainable development and reach the MDGS.

More generally, key EU policy documents include - the European Consensus on Development which sets out the general policy framework at EU level on which the Agenda for Change builds (2011). In the context of aid effectiveness, note the EU commitment to Paris Declaration and subsequent High Level Fora including Busan 2011.

### **2.3 Main Donors in Lesotho**

Net official development assistance (ODA) to Lesotho in 2009 totalled USD 146 million. Since 2005, ODA has averaged 6% of GNI and 14% of the government budget. The five largest donors to Lesotho are the United States, the World Bank, Ireland, the EU Institutions, and the Global Fund. They provide around 60% of the country's total ODA.

Germany opted for an approach of so called "silent partnership" contributing to the programme managed by EU.

It should be noted that Irish Aid recently commissioned an independent evaluation of the Irish Aid Lesotho Country Strategy Programme<sup>3</sup>.

The Development Partners consultative forum is responsible for donor co-ordination and the EU is an active member of the forum. The EU works closely with several international organizations in Lesotho. The Budget support donor group is made up of EU as lead donor, the World Bank and the African Development Bank.

### **2.4 Main features and evolution of the European Union's co-operation with Lesotho.**

The cooperation between the EU and Lesotho started in 1975 and Lesotho benefitted from EU EDF funds since this date.

From 1975 under the 4th and 5th EDF, the National Indicative Programmes (NIPs) included a wide range of small and medium-sized projects. The 6th EDF comprised projects in agriculture and rural development, road infrastructure and natural. Under the 7th EDF, Lesotho became eligible for Structural Adjustment support and an allocation of 21.6 M€ was added to the 50 M€ of programmable funds for the NIP. The greater part was concentrated in hydropower and water supply.

The allocation for the 8th EDF was about 80M€. The Focal sectors were road transport infrastructure and social sectors (water supply, community development and health), with assistance for strengthening macroeconomic and development policy analysis.

Under the 7th and 8th EDFs, the EIB made concessional lending commitments totalling 77 M€, mainly in the Water Sector.

In the 9th EDF (2001-2006), 113M€ have been committed in 3 focal sectors: macroeconomic support and capacity building, transport and water & sanitation. Macroeconomic support,

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<sup>3</sup> <http://www.irishaid.ie/media/irishaid/allwebsitemedia/20newsandpublications/publicationpdf/english/evaluation-summary-irish-aid-lesotho-csp-2008-12.pdf>

under the form of BS, has been discontinued in 2004 and its proportion has been revised from 50% down to 18% of the funds. HIV/AIDS originally featured as a crosscutting was elevated to being a fourth focal sector after the Mid-Term Review.

In the course of the 9<sup>th</sup> EDF, a country level evaluation, managed by the Evaluation Unit has been published (August 2004). It concluded that support in water and transport sector has been generally positive and had the potential for high impact on poverty alleviation. It also concluded that cross-cutting issues have been poorly mainstreaming (notably HIV). It recommended that the EU adopt a partnership approach in line with the principles of Cotonou, including stronger political dialogue. It recommended discontinuing budget support for the 9<sup>th</sup> EDF until a detailed and closely monitored Public Finance Management action plan was produced. It recommended focusing the assistance on HIV/AIDS and regional economic integration. Last but not least, efforts were considered as necessary in promoting the applications of the 3Cs (coordination, complementarity and coherence) to enhance the overall effectiveness and impact of donor support.

The 10<sup>th</sup> EDF (2007-2013) amounted to 140M€. It kept in broad lines the same focal sectors (Infrastructure: Water&Sanitation and Transport; Human Development; Macroeconomic Support (GBS)). 10<sup>th</sup> EDF saw the transition from traditional project support to a greater focus on budget support. Budget Support became the most important aid modality with more than 70% of the assistance provided through GBS and Sector Budget Support (SBS) in Water Sector. As detailed in the 2.5 section, the final allocation of the 10<sup>th</sup> EDF (after the ETR) amounted to more than 160M€ with a focus of Infrastructure on Water only.

The programming of the 11<sup>th</sup> EDF is currently under negotiation. The EU should align on the National Development Plan, with a first programming cycle 2014-2017, in line with timeframe of the NSDP. The envisaged sectors of interventions are Water, Energy and Governance.

## 2.5 Main sectors and themes covered in the Lesotho Strategy Paper 2008 – 2013 (CSP)

Regarding the period of focus for this evaluation, the 2008-2013 country strategy paper (CSP) identifies its main objectives, themes and intervention areas as :

10 <sup>th</sup> EDF Allocation by Sector (M€)	Initial 10 <sup>th</sup> EDF Allocation	New allocation after MTR	Final allocation after ETR	<i>Breakdown of the final allocation</i>
General Budget Support	53.8	71.7	70.9	51%
Focal Sector 1 : Human Development	27.2	10	10	7%
Focal Sector 2 : Infrastructure (Water & Transport)	32	38.8	38.8	28%
Non Focal Sectors			19.6	14%
<i>Justice</i>	4	4	4	
<i>Decentralisation</i>	10	10	10	

<i>Trade/Private Sector</i>		1.2	1.6	
<i>TCF<sup>4</sup> III / IV</i>	2	3.6	4	
<b>Total A Enveloppe</b>	<b>136</b>	<b>139.3</b>	<b>139.3</b>	
<b>B Enveloppe</b>	<b>2</b>	<b>22.5</b>	<b>22.5</b>	

*End Term Review Conclusion - 2012*

### **Focal sector 1 Human Development (~7%)**

The focus was on immediate and medium- term mitigation of the impact of HIV/AIDS. Three elements were planned: prevention, treatment and dealing with the social impacts of the pandemic, including Orphans and Vulnerable Children (OVC) households reduced to destitution and dependency, and the loss of key public service providers (including frontline health workers and teachers). The following objective was pursued: poverty reduction through a significant decrease in the hardship, morbidity and mortality experienced by the people of Lesotho; the social welfare of the inter-generational spill- over resulting in a significant increase in orphaned and vulnerable children being of particular concern.

*Specific objective : To enable Basotho OVCs to cope with their trauma and loss and to access services and acquire life skills, and benefit from food security.*

*NB: While HIV/Aids and OVCs is a major concern, the EU strategy progressively developed a stronger focus toward addressing the social effects of the pandemic; notably through support to social protection measures.*

### **Focal sector 2 –Infrastructure Water & Transport (~28%)**

The EU intended to respond to the continuing need for economic infrastructure as a foundation for poverty reduction in Lesotho. The strategic response built on the EDF 9<sup>th</sup> support in the *Water and Sanitation* and *Road transport* sub-sectors. In road transport the emphasis shifted to institutional and policy reform, whilst in water and sanitation, the basis was laid for addressing the lowland water requirements by designing a bulk water scheme. Implementation modality in Water sector finally became Sector Budget Support (SBS). The following specific objective was pursued: poverty reduction through improved living standards and increased incomes enabled by the availability of essential public economic infrastructure.

*Specific objective : Water : To improve access to isolated areas, markets and basic services within rural areas & transport : To provide sustainable access to an improved water source and access to basic sanitation in selected rural areas of Lesotho*

*NB : Transport has been abandoned as a focal sector after the ETR.*

### **Macroeconomic support (and capacity building) (~51%)**

GBS allowed the allocation of resources in accordance with its PRS. The criteria applied included a well enunciated national policy and development strategy, improvements in Public Financial Management and macroeconomic policy that is stability- oriented. The budget support programme supports Public Finance Management (PFM) reforms in the form of Complementary Support, as well as the Performance Assessment Framework which includes a number of indicators relating to PFM. Following the entry into force of the Lisbon Treaty in

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<sup>4</sup> Technical Cooperation Facility

December 2009, annual political dialogue between the Government of Lesotho and the EU is held since 2011.

*The Performance Assessment Framework of 2<sup>nd</sup> Programme Poverty Reduction Budget Support (PRBS II) includes indicators related to economic growth (Industrial Development and road maintenance), Public Finance Management, human development (primary education, disease prevention and HIV/AIDS) and social protection, efforts supporting orphans and vulnerable children.*

#### **Non focal sectors (~14%) –**

**Decentralisation** : Support aims at consolidating the reforms in decentralisation, bringing the management and control of resources to local communities, and placing central and local government agencies at the service of the people.

**Justice** : To support the Government of Lesotho (GoL) in its efforts to improve the justice system.

**Trade/Private Sector**: To provide technical assistance and/or studies required for the period after the EPA signature, in complementarity with support provided under the SADC Regional Indicative Programme.

**Technical Cooperation Facility (TCF)** : To carry out feasibility and preparatory studies, reviews and evaluation and audit, where funds are not available within the budgets of the projects or programmes concerned and to support actions in the area of trade, and particularly for the development of negotiating and analytical capacities.

**Capacity Building and Economic Planning (CBEP)** : technical assistance support to the development of macroeconomic and manpower planning models, strengthening the Bureau of Statistics, the Treasury Department, the Department of Development Planning, the Budget Department and Aid coordination, with a focus on EU-funded operations managed by the National Authorising Officer (NAO).

The Envelope B funds were directed to Vulnerability FLEX mechanism and ECHO Emergency interventions.

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#### **Thematic budget lines and Facilities**

##### **Lesotho benefitted from the following budget lines and facilities**

- the **Water Facility**, including around 5M€ paid (out of a 10M€ contribution) over the period for Maseru Waste Water project.
- the **Energy Facility**
- **Intra ACP budget line -migration-** including several important regional projects on governance and migrations

**10th EDF, Regional Indicative Programme:** This allocation covers long-term programmable development operations under the Regional Strategy for the SADC Region.



Apart from European Development Fund (EDF), Lesotho has been supported by external actions funded by the general budget of the European Community carried out under the Financial Framework for 2007– 2013.

In addition, Lesotho benefited from programmes funded by **Development Co-operation Instruments (DCI)** budget lines :

- **Non-State Actors/Local Authorities NSA/LA** programme, around 2.5M€ disbursed over the period, notably to support Local Authorities and Civil Society in the fight against AIDS/HIV
- **Food Security** thematic programme, including around 4M€ directed to an FAO project supporting food security and 1.5M€ as a rapid response to soaring food prices, it supports to food production through gravity irrigation; households affected by HIV/AID and agricultural production for vulnerable households in Lesotho
- **Health** thematic programme, including around 750k€ disbursed over the period, for strengthening professional associations recruitment and retention capacity
- **Environment and Sustainable Management of Natural Resources / GCCA** Lesotho is benefiting from the **Global Climate Change Alliance support programme**. Within this frame, 4 M€ have been received from Ireland and implemented as GGDC with focus on climate change
- **Migration and asylum / investing in people** : Lesotho has benefitted from a small programme on the Migration of Physicians within and from Sub-Saharan Africa

Lesotho also benefits from the **instrument for the promotion of human rights and democracy (EIDHR)** ~ 300k€, it provides support for the establishment of an effective National Human Rights Commission (with transformation Resource Centre) and for the effective implementation of the Anti-Trafficking in Persons Act (with Women and Law in Southern Africa).

### **Other programmes & actors**

**EIB and Investment Facility** : In addition to the financial instruments mentioned above, the 10th EDF also includes an Investment Facility, which is an instrument managed by the European Investment Bank. The Investment Facility is not part of the NIP. Under the Cotonou Agreement Investment Facility, the EIB has supported projects in Lesotho. It particularly supported the Water and Sanitation Sector *including* the Maseru Wastewater Project (MWWP)

**ECHO**: The instrument for humanitarian and emergency assistance has been mostly used to fund projects targeting food security

## 2.6 Main sectors of intervention during the period 2008-2013

A first inventory of the interventions conducted over the period gives the following picture of the contracted amount by sector (for the main sectors only):

Lesotho – Contracted amounts 2008-2013	
DAC Sector	Total contracted
General budget support	79,273,584.00
Road transport	50,226,766.04
Water supply and sanitation - large systems	32,965,087.77
Water resources policy and administrative management	30,746,490.72
Social/ welfare services	9,995,049.00
Decentralisation and support to subnational government	9,473,715.36
Democratic participation and civil society	8,216,493.04

*A full list is provided in Annex 7*

## 3 SCOPE AND PURPOSE OF THE EVALUATION

**The objective of this evaluation** is to assess the performance of European Union’s co-operation strategy and its delivery in Lesotho 2008- 2013. The evaluation is pitched at a strategic level and covers the EU co-operation strategy in Lesotho, over a long term period.

### 3.1 Scope

#### 3.1.1 Legal

The overall EU engagement with Lesotho should be taken into consideration including agreements, the co-operation framework and any other official commitments. For Lesotho, this concerns the following financing instruments: EDF (9<sup>th</sup>, 10<sup>th</sup>) National and Regional programmes, DCI Thematic programmes and EIDHR.

The Evaluation should also take into account changes in the European Union institutional context during the period of focus, particularly, the creation the European External Action Service (EEAS) in December 2010.

#### 3.1.2 Temporal scope and evaluation criteria

The evaluation will cover the period 2008-2013. However, it will include a brief analysis of the strategy in place in the immediate prior period (2004-2008), in order to better understand the strategic choices made in setting strategy in 2008 and the programmes funded through the 9<sup>th</sup> EDF and implemented between 2008 and 2013.

The evaluation will undertake the assessment on the basis of the five OECD-DAC evaluation criteria, namely: relevance, effectiveness, efficiency, sustainability and impact. (See annexe 5 for distinctions in EU understanding of these terms and list of ‘umbrella questions’ specifying the indicators is included in Annex).

In addition :

- the value added<sup>5</sup> of the European Union’s interventions (at both the strategy and implementation levels);
- the 3Cs: coordination and complementarity of the European Union's interventions with other donors' interventions (focusing on EU Member States); and coherence<sup>6</sup> between the European Union's interventions in the field of development cooperation and other European Union policies that are likely to affect Lesotho.
- the overall fitness for purpose of each legal instrument used in delivering EU objectives in Lesotho<sup>7</sup>.

### 3.1.3 Thematic scope

The Evaluation of EU cooperation with Lesotho is a complex evaluation, pitched at the strategic level. It intends to provide an overall assessment of EU co-operation strategy with Lesotho over the period.

In institutional terms, within the EU, the scope of the evaluation will include all DEVCO engagement, political and policy dialogue as it relates to development from EEAS, and the interface of DEVCO’s engagement with ECHO.<sup>8</sup>

The evaluation will cover the focal sectors in which the EU intervenes, and any other important areas of the co-operation. These focal sectors include **Infrastructure**, with an emphasis on Water infrastructure and road transport; **Governance** (in particular public sector governance and PFM) and **Human development (social protection)**.

Lesotho is of particular interest to the EU in light of its particular **development potential and constraints due to its natural resources, its geographic position and economic and political relationship with South-Africa**. The evaluation will assess EU development co-operation in Lesotho in this context, and **pay special attention to the following issues identified by the evaluation users :**

**Choice of Focal and non-focal sectors:** The evaluation users seek an assessment of the relevance of the choice of focal and non-focal sectors made for the 10th and 11th EDF, with regards to Lesotho’s priorities and challenges and given EU policies, priorities and comparative advantage. It should also examine the coherence of the focal sector approach with the use of thematic budget lines.

**Use of aid modalities and financial instruments:** The evaluation should explore whether the EU employs the most appropriate aid modalities to deliver its objectives in Lesotho,

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<sup>5</sup> See annex 5.

<sup>6</sup> This definition of coherence refers to its definition under the 3Cs (see annex 5).

<sup>7</sup> This should cover effectiveness, efficiency, and added value, complementarity and synergies with other financial instruments

<sup>8</sup> Interventions per se funded by the European Commission Humanitarian Office (ECHO) and/or the European Investment Bank (EIB) are not part of the evaluation scope. However, the synergies, coherence and complementarity between these interventions and the strategy/ies evaluated, and between the strategies evaluated and political dialogue and any other EU engagement, must be examined.

including the key factors, thresholds and risks to consider in the choice of aid instruments and why.

The evaluation users seek to understand in particular to what extent the choice of Budget Support as a main aid modality has contributed to strengthening the core functions of the state and better service provision for citizens. The evaluation should also examine the implication for not using Budget Support as an aid modality for the 11<sup>th</sup> EDF.

The evaluation users also seek to understand how better use can be made of the different financial instruments, notably by improving the coherence of interventions funded through thematic budget lines and by a better use of SADC component of the EDF.

**Regional approach/ Optimal approach to lever maximum development change:** Lesotho is a small and landlocked country, surrounded by and economically heavily dependent on South Africa. The evaluation users seek to understand to what extent and whether the EU could have greater leverage for sustainable development change in Lesotho with a stronger regional approach.

**Reinforcement of national capacities:** In its relations with South Africa and especially regarding bilateral negotiations for the water and energy resources, Lesotho needs strong capacities. The evaluation users seek to understand if the EU should support capacities reinforcement and how.

**Effectiveness of EU cooperation in the focal sectors:** The evaluation users seek to get an assessment of EU co-operation results in the focal sectors ('and sub sectors). This assessment should be made against the set objectives in the CSPs and the EU strategic objectives, it should provide clear explanation on what has worked and what has not, and why.

In addition to these core issues, a list of indicative issues of interests has been identified and is available in Annex 6. They should serve to help to shape the Evaluation Question during the Inception phase.

Based on the evolving EU cooperation framework, non-funded engagement ie political and policy dialogue, should be taken into consideration, as well as funded interventions.

The contractor should also consider whether the following cross-cutting issues; gender equality, human rights, democracy, environmental sustainability, were taken into account in the programming documents and the extent to which they have been reflected in the implementation modalities.

The Evaluators must evaluate budget support operations, PRBS 1 and 2. They will be guided by the Methodology for the evaluation of budget support operations. Only Step One of the Methodology is to be conducted. Step One covers the assessment of the inputs, direct outputs and induced outputs of budget support including the analysis of the causal relations between these three levels. More details can be found on the internet: <http://www.oecd.org/dac/evaluation/dcdndep/Methodological%20approach%20BS%20evaluations%20Sept%202012%20with%20cover%20Thi.pdf>

## 3.2 Purpose

The evaluation shall assess to what extent the EU assistance has been relevant, efficient, effective and sustainable in providing the expected impacts along with the EU added value of interventions. It should also assess the coherence with the relevant EU policies and the partner Governments' priorities and activities.

The evaluation shall lead to conclusions based on objective, credible, reliable and valid findings and provide the EU with a set of operational and useful recommendations, which should be expressed clearly enough to be translated into operational terms.

The evaluation should come to an **overall judgement** of the extent to which EU strategies and aid modalities have contributed to the achievement of the objectives and intended impacts, and what helped/hindered this contribution.

The evaluation should be **forward looking**, providing lessons and recommendations for the continued support to Lesotho in particular as regards the key issues and fields of interests of EU services.

**3.3 Evaluation users**

Direct evaluation users include the EU Management in Brussels, EU Delegation in Lesotho, EU policy/thematic Units and Lesotho authorities and Partners.

2014 – 2020 is the new programming period within the EU. The evaluation will be used to inform early choices and practices. It will also be an early contribution to inform the mid-term review of EU co-operation with Lesotho, and contribute as far as possible to the choices in the way of implementing the aid of the 11<sup>th</sup> EDF.

**4 EVALUATION PROCESS AND DELIVERABLES**

The overall methodological guidance to be used is available on the web page of the DG DEVCO Evaluation Unit at the following address:

[http://ec.europa.eu/europeaid/how/evaluation/methodology/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/methodology/index_en.htm)

The basic approach to the assignment consists of three *main phases*, which cover several stages. *Deliverables* in the form of reports<sup>9</sup> and slide presentations should be submitted at the end of the corresponding stages.

The table below summaries these links:

<i>Phases of the Evaluation</i>	<i>Stages:</i>	<i>Deliverables<sup>10</sup>:</i>
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<sup>9</sup> For each Report a draft version is to be presented. For all reports, the contractor may either accept or reject through a response sheet the comments provided by the Evaluation manager. In case of rejection the contractor must justify (in writing) the reasons for rejection. When the comment is accepted, a reference to the text in the report (where the relevant change has been made) has to be included in the response sheet.

<i>Phases of the Evaluation</i>	<i>Stages:</i>	<i>Deliverables<sup>10</sup>:</i>
1. <u>Desk phase</u>	<ul style="list-style-type: none"> <li>• Inception: Structuring of the evaluation</li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>Slide presentation</i></li> <li>➤ <i>Inception Report</i></li> </ul>
	<ul style="list-style-type: none"> <li>• Data collection</li> <li>• Analysis</li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>Desk Report</i></li> </ul>
2. <u>Field phase</u> (Mission to Lesotho)	<ul style="list-style-type: none"> <li>• Data collection</li> <li>• Verification of the hypotheses</li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>Slide presentation</i></li> </ul>
3. <u>Synthesis phase</u>	<ul style="list-style-type: none"> <li>• Analysis</li> <li>• Judgements</li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>Draft final report</i></li> <li>➤ <i>Slide presentation adapted + minutes of the country/regional seminar</i></li> <li>➤ <i>Final report</i></li> <li>➤ <i>Quality control note</i></li> </ul>

All reports will be written in English. The Reports must be written in Arial or Times New Roman minimum 11 and 12 respectively, single spacing. Inception and Desk reports will be delivered only electronically. The Draft Final and the Final Report will also be delivered in hard copies. The Executive Summary as well as the photo (free of any copy right, free of charge) used on the cover page will be delivered separately in electronic form. The electronic versions of all documents need to be delivered in both editable and non-editable format.

#### 4.1 The Desk Phase

The Desk Phase comprises two components: the Inception stage covering a presentation and the delivery of the ***Inception Report*** and a second stage which ends with the production of the ***Desk Report***. Note that within the overall approach, significant emphasis is given to getting the main structure and orientation of the evaluation clearly set out in the Inception Report.

##### **Presentation of the Intervention Logic and Evaluation Questions**

The assignment will start with the mission of the Team leader (plus one other senior member of the team), to Brussels. This will be a substantive meeting (one or two days) for initial Briefing with some of the stakeholders, and discussion about the evaluation approach.

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<sup>10</sup> The contractors must provide, whenever requested and in any case at the end of the evaluation, the list of all documents reviewed, data collected and databases built.

Subsequent to this, the contractor shall prepare a *slide presentation* including ‘faithful’ and ‘reconstructed of the faithful’ intervention logics, proposed evaluation questions and when possible judgement criteria.

The main work consists of:

- Identifying and prioritizing the co-operation choices and objectives as observed in relevant documents regarding the European Union’s co-operation with Lesotho and translating these specific objectives into intended results.
- Reconstructing the intervention logic of the EU in the framework of its co-operation with Lesotho. The reconstructed logic of the EU intervention will be presented in both narrative and diagrammatic form
- Defining the Evaluation Questions and judgement criteria. The intervention logic will help to identify the main evaluation questions which should be presented with explanatory comments.

The contractor will carry out a preparatory visit to the field to discuss main issues with the EU Delegation and key beneficiaries. It may be carried out before drafting the diagrams and the evaluation questions or after the Inception meeting, in agreement (written ex-ante approval) with the Evaluation Manager. This visit will not exceed one week. It will be quoted but the cost of the related inputs will not be eligible for payment if the visit does not take place. The related eligible costs will be revised if it is substantially modified (duration, number of experts etc.).

An Inception meeting will be held with the Reference Group in Brussels where a *slide presentation* will be made to show the proposed:

- intervention logic narrative and logical diagrams;
- evaluation questions<sup>11</sup> and judgement criteria.

### **Inception Report**

Taking into account the outcome of the Inception meeting, the contractor must deliver an **Inception Report** which should contain the following elements:

- A concise analysis of the national (political, economic, social etc), context of Lesotho and key regional or international dimensions, and the cooperation context between the European Union and Lesotho
- a concise analysis of the European Union's cooperation rationale with Lesotho
- the intervention logics<sup>12</sup> of the European Union's cooperation; The intervention logic' depicts the intended strategy. This is based on (1) a 'faithful' drawn solely on the strategic documents drafted at the time of programming (using mainly CSP and the first NIP, but also reflecting pertinent EU policy frameworks) and (2) a 'reconstructed'

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<sup>11</sup> Aim for ten evaluation questions

<sup>12</sup> A robust intervention logic includes both narrative and diagram(s), and the rationale for the strategic choices made, and makes explicit the assumptions at each step along the results chain

version of the 'faithful' as conceived at the time of programming, which renders the logic of the intended strategy more explicit. It is based on the 'faithful IL' plus interviews with people who have been involved/have knowledge of the programming.

Where there have been changes to the strategy during the period of evaluation, these changes should also be provided in the Inception Report. They will be based on the MTR, second NIP and interviews.

- an initial inventory of spending and non-spending activities carried out by the EU during the period to be finalised in the Desk Report;
- the evaluation questions (upon validation by the Evaluation Unit, the evaluation questions become contractually binding); a limited number of appropriate judgment criteria per evaluation question and a limited number of quantitative and/or qualitative indicators related to each judgment criterion;
- a proposal on methodology - outlining the design of the evaluation, suitable methods of analysis and data and information collection, indicating any limitations;
- a detailed work plan for the next phases.

If necessary, the Report will also suggest modifications to contractual provisions inter alia for the final composition of the evaluation team, and the final work plan and schedule

### **Desk Report**

Upon approval of the Inception Report, the contractor will proceed to the last stage of the Desk Phase and will present a **Desk Report** which should include at least the following elements:

- the agreed evaluation questions with judgement criteria and their corresponding quantitative and qualitative indicators;
- a first analysis and first elements of response to each evaluation question and the assumptions to be tested in the field phase;
- update on progress in the gathering of data. The complementary data required for analysis and for data collection during the field mission must be identified;
- the comprehensive list of EU activities finalised and a list of activities examined during the Desk phase, bearing in mind that activities analysed in the Desk phase must be representative<sup>13</sup>;
- the proposed evaluation design, including the evaluation tools to be applied in the field phase to collect data, and appropriate methods to analyse the information, indicating any limitations;

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<sup>13</sup> The representativeness must address the different dimensions (percentage of funds, sample size and choice – diversity, illustration of the chosen interventions ...).



- a work plan for the field phase: a list with brief descriptions of areas/activities for in-depth analysis in the field. The Evaluators must demonstrate the representativeness and the value added of the planned visits.

The contractor will present and discuss the Desk Report with the Reference Group in a meeting in Brussels. The Report will be finalised on the basis of the comments received.

The field mission may not start without the authorisation of the Evaluation Manager.

## **4.2 Field phase – Mission to Lesotho**

The fieldwork shall be undertaken on the basis set out in the Desk Report. In addition to the field mission to Lesotho, trips to respond to the questions related to regional issues must be considered and mentioned in the offer.

The work plan and schedule of the mission will be agreed in advance. If in the course of the fieldwork it appears necessary to substantially deviate from the agreed approach and/or schedule, the contractor must ask the approval of the Evaluation manager. At the conclusion of the field mission the contractor will present the preliminary findings of the evaluation:

- (1) to the Delegation, during a de-briefing meeting; and
- (2) to the Reference Group in Brussels with the support of *a slide presentation*.

## **4.3 Synthesis Phase**

### **The Draft Final Report**

The contractor will submit the Draft Final Report as per the structure set out in annex 2. Comments received during de-briefing meetings with the Delegation and the Reference Group must be taken into consideration.

The *Draft Final Report* will be discussed with the Reference Group in Brussels.

Following the meeting with the Reference Group, the contractor will make appropriate amendments to the Draft Final Report based on the consolidated comments sent by the Evaluation Manager.

### **The In-Country Seminar**

The approved Draft Final Report will be presented at a seminar in Maseru, Lesotho using a *slide presentation*. The purpose of the seminar is to present the results, the conclusions and the preliminary recommendations of the evaluation to the national authorities, the Delegation and to all the main stakeholders (Government, EU Member States, representatives of civil society organisations, other donors etc.).

For the seminar, **50** hard copies of the main report in English (see annex 2 of the ToR) have to be produced and delivered to the EU Delegation (the exact number of reports and delivery date will be specified by the Evaluation manager). If the number *in fine* requested is different by at least 10%, the cost of the number requested will be eligible for payment. The electronic version of the report (including the annexes) will be provided to the Evaluation Manager.

The contractor shall submit the *minutes* of the seminar. These minutes and the updated slide presentation will be included as an annex of the Final Report. The seminar logistic aspects (room rental, catering etc.) may be contracted later, as part or not of the specific contract for the present evaluation. No such logistics costs are to be included in the offer.

### **The Final Report**

The contractor will prepare the *Final Report* taking into account the comments expressed during the seminar. The Final Report must be approved by the Evaluation Manager before it is printed.

50 hard copies In English of the *Final Main Report* (ie without annexes) as well as 2 copies of annexes must be sent to the Evaluation Unit. An electronic support (CD-ROM) should be added to each printed Final Main Report (PDF format). The Report should include executive summary.

The Evaluation Unit will make a formal judgement on the quality of the evaluation in the "Quality Assessment Grid" (see annex 3) to be sent to the contractor before publication on Internet.

## **5 RESPONSIBILITY FOR THE MANAGEMENT OF THE EVALUATION**

The Evaluation Unit is responsible for the management and the supervision of the evaluation. The progress of the evaluation will be followed closely by a Reference Group consisting of members of all concerned services in the Commission and EEAS, as well as the EU Delegation in Lesotho and the Embassy of Lesotho in Belgium, under the Evaluation Unit's chairmanship.

Its principal functions will be to:

- discuss draft reports produced by the evaluation team during meetings in Brussels;
- ensure the evaluation team has access to and consults all information sources and documentation on activities undertaken;
- discuss and comment on the quality of work done by the evaluation team;
- provide feedback on the findings, conclusions and recommendations of the evaluation.

## **6 THE EVALUATION TEAM**

The evaluation team is expected to **demonstrate expertise and experience in:**

- **Evaluation methods and techniques in general, including theory of change and contribution analysis** and particularly, of evaluation in the field of external relations and development cooperation.

- **the Commission's evaluation approach and process at strategic level, and the evaluation approach for Budget Support operations** – it is highly desirable that at least one member of the team is familiar with the EU evaluation approach for country level evaluation (cf. *Evaluation Unit's website: [http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction_en.htm)*) and for the evaluation of BS operations : <http://www.oecd.org/dac/evaluation/dcdndep/Methodological%20approach%20BS%20evaluations%20Sept%202012%20with%20cover%20Thi.pdf>
- **The EU's modus operandi** – at least one member of the team should be (1) familiar with the process of EU programming and implementation, and (2) thorough knowledge of EU institutions, principles and mechanisms of external policies
- **Geographical experience: at least one of the senior members of the team should have relevant and effective experience in Lesotho and in the wider SADC Region;**

The offer should clearly demonstrate that the team can cover the following areas of technical expertise:

- **Political economy/science: robust knowledge and understanding of**
  - **Lesotho's current political context; and**
  - **Lesotho's position within the southern African regional, political and development dynamics** (particularly with reference to South Africa, SACU, SADC)
- **Governance: Public administrative management, Public Finance Management**
- **Infrastructure : Economic perspective on investment in infrastructure - water, roads, energy**
- **Human development policy, in particular social protection measures**
- **Budget support operations**

**Languages :**

- **English – all team members should be proficient**
- Sesotho

The team leader should be an experienced, senior expert with proven leadership skills, including good experience in group facilitation and proven high standards of report writing and editing skills. At least one other member of the team should be a senior expert.

The key skills are indicated **in bold**<sup>14</sup>.

The team composition should be justified and the team coordination should be clearly described. **A breakdown of working days per expert should be provided.**

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<sup>14</sup> In their absence, the 80 points threshold of the selection process may not be reached

Evaluators must be independent from the programmes/projects evaluated. Should a conflict of interest be identified in the course of the evaluation, it should be immediately reported to the Evaluation manager for further analysis, who will take appropriate measures.

The contractor remains fully responsible for the quality of the report. Any report which does not meet the required quality will not be accepted.

## 7 TIMING

The project implementation is due to start in April 2014. The expected duration is of 12 months.

**As part of the offer, the framework contractor must fill-in the timetable in the Annex 4.**

## 8 OFFER FOR THE EVALUATION

The offer will be itemised to allow the verification of the fees compliance with the Framework contract terms as well as, for items under h to k of the contractual price breakdown model, whether the prices quoted correspond to the market prices. In particular, the local travel costs will be detailed and if necessary, justified in an Explanatory note. The per diems will be based on the UN per diem : [http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)

The total length of sections 2, 3 and 4 of the technical offer (Framework contract, Annexe 1, section 10.3. b) may not exceed 15 pages (font minimum Times New Roman 12 or Arial, 11) CVs provided will be in addition to this. A CV should not exceed 4 pages with references and data relevant to the assignment highlighted in bold (font minimum Times New Roman 12 or Arial, 11)

The offer will follow the guidance set out in the Framework contract. The following additional information is also provided. The offer should demonstrate :

- (1) A depth of understanding of the overall scope of the evaluation in your own words, and its key implications for your offer
- (2) The relevance of the skills and experience of the proposed team for the evaluation and the organisation of the team
- (3) The approach -
  - Stakeholder engagement – identify the ways in which you propose to engage with EU stakeholders over the course of the evaluation
  - Methodological aspects – outline of design of the evaluation, analytical and data collection methods proposed and justification. Particular attention should be given to how you propose to construct intervention logics and why you choose your proposed way
  - Identify the individual elements in the quality control you will provide
  - A draft set of evaluation questions should **not** be included in the offer

The offer evaluation criteria are :

<i>Criteria</i>	<i>Maximum</i>
<b>Experts/Expertise</b>	
Team Leader	15
Other Experts	25
Team: Overall coverage of expertise and repartition of man/days	10
<b><i>Sub-total</i></b>	<b><i>50</i></b>
<b>Organisation and Approach</b>	
Understanding of the ToR	10
Approach	25
Organisation of tasks and timing	10
Quality Control	5
<b><i>Sub- total</i></b>	<b><i>50</i></b>
<b>Total score</b>	<b>100</b>

During the offers evaluation process, the contracting authority reserves the right to conduct telephone interviews with shortlisted bids at no cost to the contractor. In the event this right is exercised, the Team Leader and one other senior expert will be required to participate. The contractor will indicate the telephone number to reach the team leader and other senior experts.

## 9 ANNEXES

The contracting authority reserves the right to modify the annexes without prior notice.

### ANNEX 1: INDICATIVE DOCUMENTATION TO BE CONSULTED FOR THE PURPOSE OF THE EVALUATION BY THE SELECTED CONTRACTOR

#### **General documentation**

- Communications of the European Union including :
  - European Development Policy ‘European Consensus’ (2005)
  - Increasing the Impact of EU Development Policy: An Agenda for Change (2011)
  - Social Protection in the European Union Development Co-operation (2012)
- Key regulations

#### **Country/Region**

- EU Cooperation strategies – Lesotho, Regional
- Conclusions of the Mid-term and End-of-Term Reviews;
- Key government planning and policy documents;
- CRIS<sup>15</sup> & DWH (information on the projects)
- ROM<sup>16</sup> & Project/Programme evaluations
- Relevant documentation provided by the local authorities and other local partners, etc.;
- Other donors and OECD/DAC documentation.
- Background analysis such as :
  - Evaluation of the Irish Aid Lesotho Country Strategy 2008-2012
  - Country Reports Lesotho

The following will be provided to the selected contractor:

- Access to the information contained in the CRIS/DWH system;
- Template for the cover page.

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<sup>15</sup> Common RELEX Information System

<sup>16</sup> Results Oriented Monitoring

## ANNEX 2: OVERALL STRUCTURE OF THE FINAL REPORT

The overall layout of the **Final report** is:

- Executive summary (1);
- Context of the evaluation and methodology;
- Evaluation questions and their answers (findings);
- Conclusions (2); and
- Recommendations (3).

Length: the final main report should aim to be 50 pages, and in no circumstances should exceed 70 pages excluding annexes. Each annex must be referenced in the main text. Additional information regarding the context, the activities and the comprehensive aspects of the methodology, including the analysis, should be placed in the annexes.

### (1) Executive summary

The executive summary of the evaluation report may not exceed 5 pages (3.000 words). It should be structured as follows:

- a) 1 paragraph explaining the objectives and the challenges of the evaluation;
- b) 1 paragraph explaining the context in which the evaluation takes place;
- c) 1 paragraph referring to the methodology followed, spelling out the main tools used (data on the number of projects visited, number of interviews completed, number of questionnaires sent, number of focus groups conducted, etc.);
- d) The general conclusions related to sectorial and transversal issues on one hand, and the overarching conclusion(s) (for example on poverty reduction) on the other hand;
- e) 3 to 5 main conclusions should be listed and classified in order of importance; and
- f) 3 to 5 main recommendations should be listed according to their importance and priority. The recommendations have to be linked to the 3 to 5 main conclusions.

The chapters on conclusions and recommendations should be drafted taking the following issues into consideration:

### (2) Conclusions

- The conclusions should be assembled in homogeneous "clusters" (groups).
- They should include conclusions related to sectorial and transversal issues, and overarching conclusion(s) (for example on poverty reduction).
- Specific conclusions on each financial instrument indicated in the ToR section "3.1.1. Legal scope". These conclusions will focus on effectiveness, efficiency, added value, complementarity and synergies with other financial instruments.
- The conclusions should identify lessons to be learnt, both positive and negative.

### (3) Recommendations

- Recommendations should be substantiated by the conclusions.
- Recommendations should be grouped in clusters (groups) and presented in order of importance and priority within these clusters.
- Recommendations should be realistic and operational.
- The possible conditions of implementation (who? when? how?) have to be specified and key steps/action points should be detailed when possible.

### **Annexes (non exhaustive)**

- National background;
- Methodological approach;
- Information matrix;
- Monograph, case studies;
- List of documents consulted;
- List of institutions and persons met;
- People interviewed;
- Results of the focus group, expert panel, etc.;
- Slide presentations in the country/regional seminar and the seminar minutes.

### **EDITING**

The Final report must:

- be consistent, concise and clear;
  - be well balanced between argumentation, tables and graphs;
  - be free of linguistic errors;
  - include a table of contents indicating the page number of all the chapters listed therein, a list of annexes (whose page numbering shall continue from that in the report) and a complete list in alphabetical order of any abbreviations in the text;
  - contain a summary (in several language versions when required).
  - be typed in single spacing and printed double sided, in DIN-A-4 format.
- The presentation must be well spaced (the use of graphs, tables and small paragraphs is strongly recommended). The graphs must be clear (shades of grey produce better contrasts on a black and white printout).
  - Reports must be glued or stapled; plastic spirals are not acceptable.
  - The contractor is responsible for the quality of translations and that they accurately reflect the original text.



## ANNEX 3 - QUALITY ASSESSMENT GRID

<b>Concerning these criteria, the evaluation report is:</b>	<b>Unacceptable</b>	<b>Poor</b>	<b>Good</b>	<b>Very good</b>	<b>Excellent</b>
<b>1. Meeting needs:</b> Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?					
<b>2. Relevant scope:</b> Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?					
<b>3. Defensible design:</b> Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?					
<b>4. Reliable data:</b> To what extent are the primary and secondary data selected adequate? Are they sufficiently reliable for their intended use?					
<b>5. Sound data analysis:</b> Is quantitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?					
<b>6. Credible findings:</b> Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?					
<b>7. Validity of the conclusions:</b> Does the report provide clear conclusions? Are conclusions based on credible results?					
<b>8. Usefulness of the recommendations:</b> Are recommendations fair, unbiased by personnel or shareholders' views, and sufficiently detailed to be operationally applicable?					
<b>9. Clearly reported:</b> Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?					
<b>Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered.</b>					

## ANNEX 4 – TIMING

*To be filled by the contractors and submitted as part of the methodology*

<i>Evaluation Phases and Stages</i>	<i>Notes and Reports</i>	<i>Dates</i>	<i>Meetings/Communications</i>
Desk phase			
Structuring stage			
	Slide presentation		Briefing session in Brussels RG Meeting
			Short preparatory visit of the evaluator(s) to the field
	Slide presentation		RG Meeting
	Draft Inception report		RG meeting
	Final Inception report		
Desk study	Draft Desk report		RG Meeting
	Final Desk report		
Field phase			De-briefing meeting with the Delegation
	Presentation		RG Meeting
Synthesis phase (seminar in the country)			
	1 <sup>st</sup> Draft final report		RG Meeting
	2 <sup>nd</sup> Draft final report Presentation + Minutes		Seminar in Lesotho
	Final report + other deliverables		

*RG: Reference Group*

## ANNEX 5: EVALUATION CRITERIA AND KEY ISSUES

(1) Definitions of the **five OECD-DAC evaluation criteria** can be found at the following website :

<http://www.oecd.org/dac/evaluationofdevelopmentprogrammes/daccriteriaforevaluatingdevelopmentassistance.htm>

(2) **Relevance**: the extent to which an intervention's objectives are pertinent to needs, problems and issues to be addressed.<sup>17</sup>

(3) **"Coherence"** is used in two different contexts: as an evaluation criterion and as part of the 3Cs (key issues).

i. *The definitions of coherence as evaluation criteria:*

**Coherence**<sup>18</sup>: the extent to which the intervention logic is not contradictory/the intervention does not contradict other intervention with similar objectives

ii. *Provisions regarding the 3Cs (key issues):*

Development cooperation is a shared competence between the European Community and the Member States. The EU competence on development cooperation was established in law by the adoption of the Maastricht Treaty in 1992. To guide its practical implementation the Maastricht Treaty established three specific requirements: *coordination, complementarity and coherence* – the “*three Cs*”. These commitments are reaffirmed in the “European Consensus for Development”<sup>19</sup>. The legal provisions with regard to the 3Cs remain largely unchanged in the Lisbon Treaty. They offer basic definitions of the various concepts involved as can be seen in the box below.

### **Lisbon Treaty**

*Art. 208 (ex Art. 177 TEC)*

1. "Union policy in the field of development cooperation shall be conducted within the framework of the principles and objectives of the Union's external action. The Union's development cooperation policy and that of the Member States complement and reinforce each other.

Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."

*Art. 210 (ex Art. 180 TEC)*

1. "In order to promote the complementarity and efficiency of their action, the Union shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences. They may undertake joint action. Member States shall contribute if necessary to the implementation of Community aid programmes.

2. The Commission may take any useful initiative to promote the coordination referred to in paragraph 1."

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<sup>17</sup> Evaluating EU activity - Glossary p.101 (Relevance, p. 108):

[http://ec.europa.eu/dgs/secretariat\\_general/evaluation/docs/eval\\_activities\\_en.pdf](http://ec.europa.eu/dgs/secretariat_general/evaluation/docs/eval_activities_en.pdf).

While, according to the DAC Glossary the **relevance** is the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies. The terms '**relevance and coherence**' as European Union's evaluation criteria cover the DAC definition of 'relevance'.

<sup>18</sup> Evaluating EU activity - Glossary p.101 (Coherence: p.102):

[http://ec.europa.eu/dgs/secretariat\\_general/evaluation/docs/eval\\_activities\\_en.pdf](http://ec.europa.eu/dgs/secretariat_general/evaluation/docs/eval_activities_en.pdf)

<sup>19</sup> (2006/C 46/01)

**Coordination:** In EC policy documents the distinction is made between three levels of coordination: (i) policy coordination; (ii) operational coordination and (iii) coordination in international forums.

**Complementarity:** The obligation to ensure complementarity is a logical outcome of the fact that development cooperation is a shared competence between the EC and the Member States. Over time, the concept was linked to a better distribution of roles between the Commission and the Member States on the base of their respective comparative advantages. This interpretation is also the basis for the Code of Conduct on Complementarity (2007) emphasizing the need for a „division of labour“ (DOL) between the various European actors in delivering aid.

**Coherence:** One such typology distinguishes between (i) coherence/incoherence of European development policy itself; (ii) coherence/incoherence with the partner country's/region's policies; and (iii) coherence/incoherence between development co-operation policies and policies in other fields<sup>20</sup>.

(4) **Value added of the European Union's interventions:** The criterion is closely related to the principle of subsidiarity and relates to the fact that an activity/operation financed/implemented through the Commission should generate a particular benefit.

There are practical elements that illustrate possible aspects of the criterion:

- 1) The European Union has a particular capacity, for example experience in regional integration, above that of EU Member States.
- 2) The European Union has a particular mandate within the framework of the '3Cs' and can draw Member States to a greater joint effort.
- 3) The European Union's cooperation is guided by a common political agenda embracing all EU Member States.

Indicative 'umbrella questions' related to each indicators :

Criteria	Generic questions
Relevance	To what extent are the strategy, resources and scope of EU cooperation with Lesotho an appropriate response to the needs and challenges and priorities of the country?
3 Cs	To what extent has the EU cooperation with Lesotho been coherent, complementary and coordinated with other EU policies, with Member States engagement, and other donors?
Efficiency	Has EU cooperation been appropriately resourced (human, technical, financially) and organized to deliver the expected objectives? Has the EU made optimal use of resources with regard to effect the changes sought? Why? What has helped or hindered?

<sup>20</sup> In recent years, the concept of „policy coherence for development“ (PCD) has gained momentum, in the European Consensus (2005) PCD was defined as “ensuring that the EU takes account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives.” (par. 9).

Effectiveness	To what extent have the EU funded and non-funded interventions achieved their objectives? Why ? What has helped and what has hindered? To what extent have the interventions met their objectives ? contributed to Lesotho's own goals ? Were the Legal Instruments ‘fit for purpose’? Have Cross Cutting Issues been taken into account, and have they enhanced the quality of what the EU has delivered ?
Sustainability	Are the changes, which the EU has contributed to, sustainable? Why? what has helped/hindered?
Impact	What is the long term effect of EU cooperation in Lesotho?
EU Added Value	What is the added value resulting from the EU support to Lesotho compared to what could be achieved by other donors, actors, and notably Member States ?

ANNEX 6 : INDICATIVE AND NON-EXHAUSTIVE ISSUES OF INTEREST FOR THE EVALUATION USERS:

Criteria	Issues of interest
Relevance	<ul style="list-style-type: none"> <li>• Relevance of the choice of sectors for the 10th and 11th EDF, relevance of choice of programmes/projects within sectors</li> <li>• Relevance of sole focus on a within country approach. Examine whether mixing with a regional approach would provide greater potential for leveraging development change in Lesotho</li> <li>• Consistency of the EU strategy and approach especially between the the focal sector approach and the thematic budget lines interventions.</li> </ul>
3 Cs	<ul style="list-style-type: none"> <li>• Coordination with other donors, in particular other than MS (MCA, China, Arab countries)</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Appropriateness of Budget Support and blending approach, for what type of interventions/sectors</li> <li>• Human Resources challenges at the EU Delegation level</li> <li>• M and E system within the Delegation – has the Del got a system for learning from its own experience and does it work ?</li> <li>• Are the arrangements in Brussels for servicing Lesotho, appropriate ?</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• Effectiveness of Capacity Development support</li> <li>• Results in the focal sectors : Infrastructure (Water &amp; sanitation/ Transport), Human Devpt – Macro eco support</li> <li>• Political dialogue at the national and regional level</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>• Sustainability of EU support to OVCs</li> <li>• Sustainability of Support to Lesotho Civil Service / Stability and development of Lesotho state</li> </ul>
Impact	<ul style="list-style-type: none"> <li>• Impact on Poverty Reduction</li> <li>• Impact on sector goals</li> <li>• Influence of EU in Lesotho</li> </ul>

ANNEX 7 : CONTRACTED AMOUNT OVER THE PERIOD 2008-2013 PER SECTOR

DWH Extraction on the 19/12/13

*Lesotho as beneficiary country*

<b>DAC Sector</b>	<b>Total contracted</b>
<b>General budget support</b>	<b>79,273,584.00</b>
<b>Road transport</b>	<b>50,226,766.04</b>
<b>Water supply and sanitation - large systems</b>	<b>32,965,087.77</b>
<b>Water resources policy and administrative management</b>	<b>30,746,490.72</b>
<b>Social/ welfare services</b>	<b>9,995,049.00</b>
<b>Decentralisation and support to subnational government</b>	<b>9,473,715.36</b>
<b>Democratic participation and civil society</b>	<b>8,216,493.04</b>
Public sector policy and administrative management	5,557,806.74
Public finance management	2,982,209.91
Medical services	2,000,000.00
Legal and judicial development	1,805,200.00
Material relief assistance and services	1,487,152.27
Health personnel development	962,246.00
Food aid/Food security programmes	930,021.36
Basic drinking water supply and basic sanitation	929,959.50
Hydro-electric power plants	503,075.99
STD control including HIV/AIDS	446,030.71
Human rights	436,978.69
Agricultural water resources	345,219.00
Basic life skills for youth and adults	200,000.00
Women's equality organisations and institutions	200,000.00
Agricultural development	184,098.95
Health policy and administrative management	139,986.96
Environmental research	106,084.00
Multisector aid	44,288.00
Rural development	41,265.00
Formal sector financial intermediaries	24,562.50
Communications policy and administrative management	19,890.00
Promotion of development awareness	13,129.59
Business support services and institutions	9,999.00
Environmental policy and administrative management	4,589.00
<i>Not Available</i>	<i>(28,065,940.56)</i>
<b>Grand Total</b>	<b>212,205,038.54</b>





## Annex 2: Methodology of the evaluation and Evaluation Questions

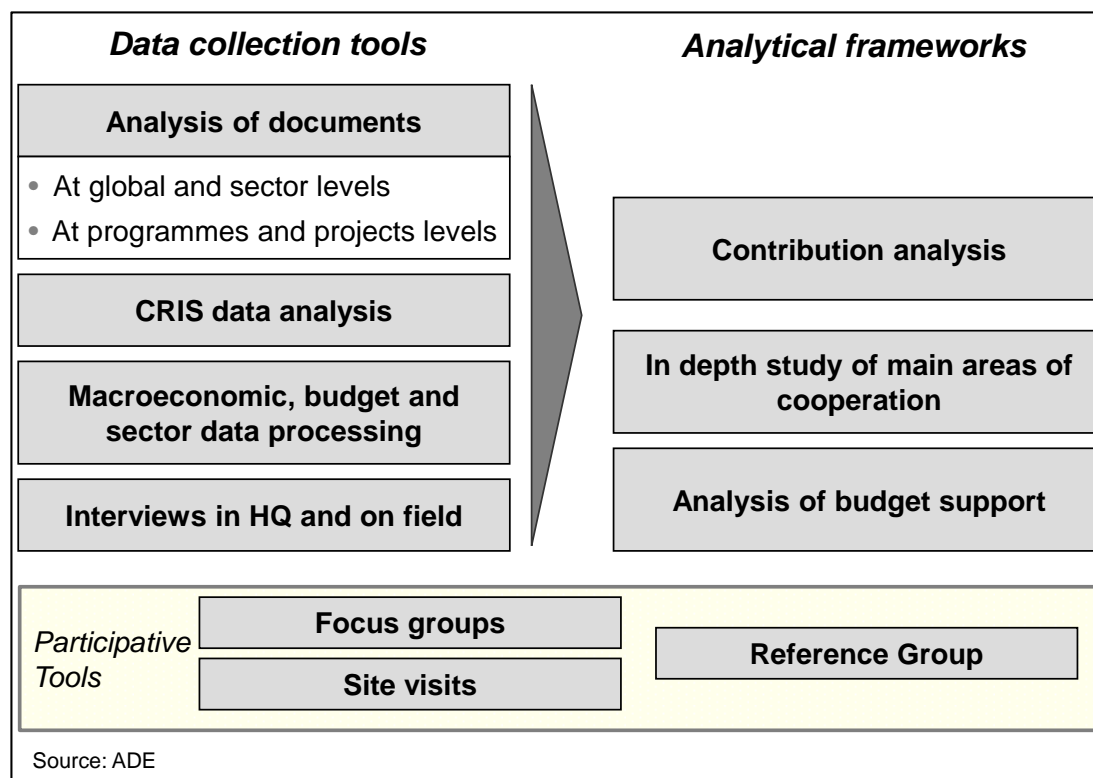
### 2.1 Methodology of the evaluation

The methodology used for the evaluation of the EU's cooperation with Lesotho follows EuropeAid's methodological guidelines for geographic evaluations and is based on ADE good practices developed for country-level evaluations.

A theory-based non-experimental design<sup>1</sup> has been used for this country-level evaluation, using the intervention logic analysis as the basis for assessing evidence of the contributions that EU development cooperation has made in Lesotho towards the objectives of sustainable development and integration into the world economy.

This section presents (i) the tools used to collect data, (ii) the analytical frameworks to assess EU contributions, and (iii) an overview of participative tools used during the evaluation process. Figure 1 below summarises evaluation tools and analytical frameworks described in this section.

**Figure 1 – Evaluation tools and analytical frameworks**



<sup>1</sup> Theory-based evaluation is an approach in which attention is paid to *theories* of policy makers, programme managers or other stakeholders, i.e., collections of assumptions, and hypotheses - empirically testable - that are logically linked together. Non-experimental research designs do not involve a manipulation of the situation, circumstances or experience of the participants

The evaluation team used a combination of data collection tools, participative tools and analytical frameworks that allows obtaining data reliability and a robust analysis. The combination of tools allows for in-depth analysis (selection of interventions) and breadth analysis (inventory), theoretical analysis (reconstructed intervention logic) compared with observations from site visits, and quantitative analysis complemented with qualitative analysis.

The evaluation considered four main areas of analysis:

- General budget support/macro-economic support (interventions PRBS 1 and PRBS2)
- the support to the water sector (interventions Lesotho Water and Sanitation Sector and Lesotho Water and Sanitation Sector Policy Support Programme)
- the support to social protection (intervention Support Programme to Orphans and Vulnerable Children - Phase 2)
- support to one of the non-focal areas: support to Non-State Actors (interventions Local Governance and NSA Support Programme and Deepening Decentralisation and NSA Support Programmes)

In addition the evaluation analysed the initiatives undertaken under the regional cooperation instruments that have benefited Lesotho. This approach is representative of the EU's cooperation strategy whether it is looked at from the angles of spending amounts, different financial instruments, aid modalities and management types, or size and scope of the intervention.

### 2.1.1 Data collection tools

Data have been collected and organised at evaluation question, judgment criteria and indicators levels. The evaluation team used the data collection grid for this purpose (see Annex 5). Key data collection tools are (i) documents, (ii) CRIS, (iii) macroeconomic, budget and sector data, and (iv) interviews in HQ and in the field.

#### *Documents*

- **Collection of documents providing information at EU, global, national and sector levels:**
  - *At EU level:* EU Cooperation policies, Country Strategy Paper (CSP), Regional Strategy paper (RSP), Mid-term reviews (MTR) and End-term reviews (ETR), External Assistance Management Reports (EAMR), annual joint reports, notes on policy dialogue, notes of coordination meetings with other donors, etc.
  - *At global level:* e.g. OECD, World Bank, IMF, United Nations, International NGO documents
  - *At national level:* national policies and strategies, country analyses, budget laws, etc.
  - *At sector level:* sector studies, sector reviews/aide-mémoires, Public expenditure reviews, PEFA.

- **Collection of documents providing information at programme and project levels**, for selected interventions : action fiches, financing agreements and their addenda, monitoring reports (ROM), MTR, final reports, evaluation reports ;
- **Literature review**: use of literature existing on the themes covered in the evaluation.

### *CRIS database*

The EuropeAid database CRIS (Common RELEX Information System), and its Data warehouse (DWH) provide information on how EU strategy was implemented during the period evaluated. CRIS serves as the starting point for the elaboration of the inventory. The inventory is important from a methodological point of view as it helps to determine the representativeness of the evaluation. It is therefore an important source of information for transversal as well as sector evaluation questions. The results of the inventory are presented in Annex 4.

### *Macroeconomic, budget and sector data*

General budget data and external sector data remained general (not sufficiently disaggregated at sector level to perform a detailed analysis); external financing data are not collected in Lesotho. Available social sector outcome indicators were collected and analysed for appraising the effectiveness of the cooperation programme.

### *Interviews in HQ and in the field*

The Evaluation team conducted interviews with EU stakeholders, national authorities, implementing partners, civil society, other donors, and any other relevant stakeholder with strategic and political information useful for this evaluation. The interviews took place in Brussels (EuropeAid and EEAS) as well as in the field (Lesotho, Botswana, Namibia and South Africa). A list of persons met is provided in Annex 7.

## **2.1.2 Analytical frameworks**

The main analytical frameworks used are contribution analysis, attribution analysis and political economy analysis. The types of analysis used are represented in the table below for each EQ and JC, together with the source of evidence used and the quality ranking of the evidence. The keys for reading the table are as follows.

### *Key to evaluative analysis*

Attribution analysis	Assesses the results obtained with EU interventions as compared to the result obtained without EU support. It captures the proportion of observed change which can be attributed to the intervention. It usually requires a counterfactual analysis and is usually restricted to project evaluations because of data availability. However, if the intervention was unique in the context, it is possible to infer that observed results were directly
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	linked to the implementation of the intervention.
Contribution analysis	Assesses the extent to which EU interventions can plausibly be linked to outcomes as observed and understood by a range of stakeholders. Contribution analysis offers a step-by-step approach that takes into account not only why the observed results have occurred (or not) but also other internal and external factors. It is generally applied to situations where the programme has been funded on the basis of a relatively clearly articulated intervention logic. It therefore helps to confirm or revise the intervention logic, providing evidence and a line of reasoning from which we can draw a plausible conclusion that, within some level of confidence, the programme has made an important contribution to the documented results.
Political economy analysis	Infers from the (historical) economic and political context of the time the elements which can explain observed developments.
Other	Assesses general aspects of the cooperation (coordination, complementarity, EUD's management capacity) important for overall cooperation (but not linked to specific programmes).

### Key to evidence ranking

Strong	There was very good triangulation, with evidence found both in existing documents, secondary sources and confirmed by several interviews.
Satisfactory	At least two different sources of evidence with good triangulation but the coverage of the evidence was not complete.
Indicative but not conclusive	The source of evidence was of good quality but no other source was found: some sources of evidence could not be consulted or did not exist
Weak	The source of evidence has not been triangulated or the evidence relied on a single source (although no evidence was found to the contrary)

**Table 1 – Type of evaluation analysis undertaken, main sources and quality of evidence, per Evaluation Question and Judgment Criterion**

Evaluation Question	Type of evaluative analysis	Source of evidence (for details see Annex 5)	Quality Ranking of evidence
<b>EQ1 on the rationale of EU cooperation strategy with Lesotho</b>			
JC 1.1 Choices of strategic direction for EU cooperation with Lesotho have been appropriate and evidence based	Political economy analysis	Programming documents EAMR, MTR JAR Studies & Reports Interviews	Strong
JC 1.2 EU policies have been coherent, complementary and coordinated with EU cooperation in Lesotho	Political economy analysis	Programming documents EAMR Evaluations Interviews	Satisfactory

CJ 1.3 EU's engagement was coordinated with and complementary to that of other donors	Other	Programming documents EAMR Evaluations Interviews	Indicative but not conclusive
CJ 1.4 The EU has provided value added to Lesotho's development	Attribution analysis	Evaluations Interviews	Indicative but not conclusive
<b>EQ2 on Regional Leverage</b>			
JC 2.1 The EU has investigated and exploited the possibilities of using the region as a vector for Lesotho's sustained development	Political economy analysis	Programming documents Interviews	Satisfactory
JC 2.2 The EU has promoted Lesotho's regional integration with a view to enhance development change	Political economy analysis	Regional documents project ETR Interviews	Strong
JC 2.3 EU support assisted Lesotho to participate actively and effectively in regional institutions	Attribution analysis	Regional documents project Evaluations Interviews	Satisfactory
JC 2.4 EU support to regional programmes and institutions took account of the needs and priorities of Lesotho	Political economy analysis	Regional documents project Evaluations Interviews	Strong
JC 2.5 EU engagement with South Africa took account of the employment, social and health needs of Lesotho	Political economy analysis	No evidence found	n/a
JC 2.6 The provision of different instruments (DCI in South Africa and ACP cooperation instruments in Lesotho) did not hinder regional cooperation	Political economy analysis	Interviews Financing instruments Programming documents	Strong
<b>EQ3 on relevance and coherence of sector choices</b>			
CJ 3.1 The choice of focal and non focal sectors responded to the country context and GoL needs and priorities and evolved accordingly	Political economy analysis	IMF, CBL reports Programming documents Nat. policy documents CRIS/ADE inventory Evaluation reports Interviews	Indicative but not conclusive
CJ 3.2 The choice of sectors took account of EU's value-added, experience and past performance	Other	Evaluations Interviews	Strong
CJ 3.3 The choice of sectors and interventions facilitated coherence and complementarity with other donors, GoL and NSA	Contribution analysis	Programme documents Evaluations Sector reviews Interviews	Indicative but not conclusive
CJ 3.4 EU interventions adequately addressed challenges faced by the GoL and were supportive of the policy objectives of the GoL and the EU	Attribution analysis	Programming documents National and sector policy documents Evaluations, JAR Interviews	Satisfactory

<b>EQ4 on social protection</b>			
JC4.1 EU support was instrumental in the paradigm shift whereby Social Protection evolved from stand-alone initiatives to a national social protection system	Attribution analysis	Sector analysis Sector reviews Sector planning/strategy documents Interviews	Strong
JC 4.2 EU design of support measures for OVCs encompassed appropriate systems for identification and targeting, verification and possible referrals which have showed potential to support the implementation of a national social protection framework	Attribution analysis	Programming and project documents Sector analysis Sector reviews ROM Interviews	Strong
JC 4.3 The EU contributed significantly to meeting the needs of OVC through the CGP whereby Cash transfers were used for basic needs in education, food security and health resulting in enhanced resilience	Attribution analysis	Sector analysis Evaluation report ROM reports Household survey data Interviews	Strong
JC 4.4 EU support for social protection facilitated the emergence of a sustainable national social protection system funded and managed by GoL	Attribution analysis	Sector analysis & reviews Nat strategy document Sector budget data Impact evaluation ROM Interviews	Strong
<b>EQ5 on water and sanitation</b>			
CJ 5.1 Support to the sector strengthened its reform process and contributed to tangible improvements in its policy, strategic, organisational, managerial and/or regulatory framework	Attribution analysis	Sector policy Sector analysis Sector monitoring reports Evaluation reports ROM and ETR Interviews	Strong
JC 5.2 Support for the sector helped strengthen institutional arrangements for planning and sustainable management at sector level	Attribution analysis	Programme documents Sector analysis SBS disbursement files TA reports Evaluation reports, JAR ROM and ETR Interviews	Strong
JC 5.3 Support initiatives in the sector were coordinated and complementary	Contribution analysis	Programme documents Sector analysis Monitoring/meeting reports ROM and MTR Interviews	Strong
JC 5.4 The sector has become more efficient and effective in its service delivery and contributed to improved W&S access and quality of provision	Contribution analysis	Sector analysis & sector data Evaluation reports Disbursement files ROM, MTR and ETR Interviews	Strong

JC 5.5 The implementation of the W&S strategy contributed to an increased use of W&S services and impacted positively on health, living standards and income	Contribution analysis	Sector reports Data analysis Interviews	Weak
<b>EQ6 on budget support</b>			
CJ 6.1 The EU's GBS and SBS programmes offered an appropriate mix of funds, policy dialogue and technical assistance	Contribution analysis	Programme documents Evaluation reports Interviews	Satisfactory
CJ 6.2 The relationship between external assistance and the national budget and policy process has improved	Contribution analysis	Data analysis Interviews	Strong
CJ 6.3 EU BS has improved the public administration's capacity in public policy planning, management and monitoring	Contribution analysis	Evaluation reports Disbursement files JAR and PAF reports Interviews	Strong
CJ 6.4 EU BS has facilitated the design, implementation and monitoring of a PFM reform programme	Contribution analysis	Evaluation reports PFM diagnostic reports Disbursement files JAR and PAF reports Interviews	Strong
CJ 6.5 EU BS has contributed to the improvement of public spending patterns	Contribution analysis	Evaluation reports PFM diagnostic reports Disbursement files JAR and PAF reports Interviews	Strong
<b>EQ7 on Non State Actors</b>			
JC 7.1 EU's support to NSA and its use of NSA were based on a sound understanding of NSA needs and capabilities	Political economy analysis	Programme documents Diagnostic study Sector review MTR Interviews	Strong
JC 7.2 NSAs were able to respond positively to calls for proposals and to deliver on their commitments	Political economy analysis	Reports Project evaluation Interviews	Weak
JC 7.3 Support for NSA by the EU contributed to improved public sector governance and democratic accountability	Contribution analysis	Project evaluation ROM Interviews	Satisfactory
JC 7.4 Support for NSA by the EU contributed to strengthened pro-poor service delivery, thereby contributing to EU's 10 <sup>th</sup> EDF CSP goals and objectives.	Contribution analysis	Project evaluation ROM MTR Interviews	Satisfactory
<b>EQ8 on management of the cooperation programme</b>			
JC 8.1 The human resources available in Brussels and in the Lesotho Delegation were appropriate, given the mix of instruments and the range of focal and non-focal sectors	Other	EAMR Mission reports Evaluation reports Administrative statistics Interviews	Strong

JC 8.2 The creation of EEAS has reinforced the EUD's capacity to undertake its activities.	Other	EAMR Administrative statistics Interviews	Strong
JC 8.3 The Delegation was adequately staffed to engage in effective policy dialogue as well as in administrative facilitation	Other	Interviews	Strong
JC 8.4 The Lesotho Delegation has an appropriate learning strategy, enabling it to reflect on its experience, integrate M&E results in its management decisions and share findings with others	Other	Evaluations Interviews	Strong
<b>EQ9 on aid modalities and aid instruments</b>			
JC 9.1 The EU has used a set of financing modalities that has enabled a flexible and appropriate response to Lesotho's needs and capacities	Political economy analysis	ADE Inventory Programming documents Evaluation reports ROM, MTR, ETR, Mission reports Interviews	Strong
JC 9.2 The EU has looked for complementarity when designing interventions under different financing instruments	Other	Programming documents Interviews	Weak
CJ 9.3 GBS and SBS have each made clear contributions to improved policy processes and improved performance in PFM, social protection and water that could not have been achieved with other instruments	Attribution analysis	Findings from EQ4, 5 and 6.	Strong

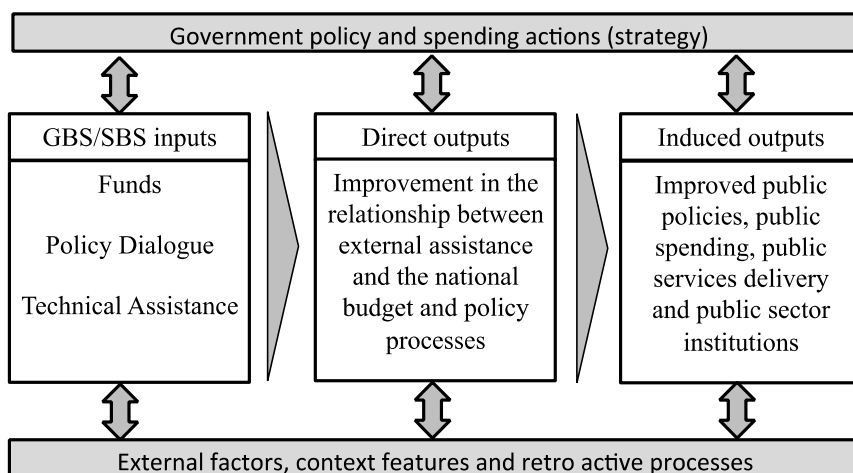
### 2.1.3 Analysis of budget support

The analysis of budget support followed Step 1 of the OECD/DAC methodological approach for evaluating budget support. Its objective is to assess to what extent and under which circumstances budget support has successfully enhanced the policies, strategies, reforms and spending actions of the partner government.

In order to do so, Step 1 covers the first three levels of the comprehensive evaluation framework and requires:

- an analysis of BS inputs (level 1), an assessment of their direct outputs (level 2), and
- an assessment of their induced outputs (level 3), whilst taking account of government policy and spending actions as well as of external factors, context features and retroactions as follows:





Since the evaluation concerns only EU funding, the OECD/DAC methodology for evaluating budget support has been slightly adapted, especially where level 2 (direct outputs) is concerned. Indeed, this level normally considers the effects of the provision of budget support on the harmonisation and alignment of all aid in the country and it would thus make little sense to isolate EU budget support in this type of analysis. The effect of budget support on harmonisation and alignment could not be undertaken because data on external financing by type is not collected in Lesotho. In areas where the EU is not the only donor providing budget support (PFM for example), the attribution analysis has included mostly all donors unless where specific activities could be attributed to the EU : indeed, different budget support donors have supported the same PFM reform activities, used the same or similar disbursement indicators and had a joint policy dialogue with the GoL.

For BS inputs, an inventory of the inputs planned and actually provided and an assessment of the appropriateness of the package provided to has been carried out. Amongst the direct outputs, issues such as the evolution of aid channeled through the budget, the predictability of disbursements, harmonization of aid at sector level and transaction costs at sector level were looked at. In terms of induced outputs, the evaluation investigated whether or not improvement in the following have been attained: macro-economic and budget management, quantity and quality of goods and services, PFM and other governance, public policy formulation and execution, (water and sanitation and social protection sectors), public sector institutions (same sectors) and links between government and oversight bodies.

#### 2.1.4 Participative tools

##### *Site visits*

The field mission provided an opportunity to visit the projects of selected programmes, and to do a first data triangulation of information from desk phase with field realities. It complemented available data with recent information (update from the desk phase) and interviews of beneficiaries.

### *Focus groups*

One focus group was organised with EU staff in Brussels to discuss the rationale of EU engagement during the 10<sup>th</sup> EDF. Other interviews usually concerned people from the same institutions, even though representatives from several different units participated. Most meetings were held in the form of interviews rather than round the table discussions.

### *RG in Brussels*

During the course of the evaluation engagement with the reference group were as follows :

- During the desk phase :
  - RG3 meeting : presentation by the team of a proposed IL and a set of EQ.
  - RG4 meeting : presentation by the team of desk findings (Draft desk report).
- During the field phase :
  - RG5 After the field phase : presentation of field findings.
- During the synthesis phase :
  - RG6 meeting: presentation of the evaluation final draft report, discussions of conclusions, recommendations and lessons learned.

### **2.1.5 Challenges**

- The **importance of the regional perspective**: information on regional programmes and activities has been particularly difficult to access and much of the cooperation sits at a political rather than an operational level and is thus difficult to substantiate due to lack of written evidence of the process (even if its results can be ascertained). The visits to the DUE in Pretoria and Gaborone as well as interviews at HQ maximised the information obtained on regional initiatives. Strategic documents (Regional strategic paper, etc.) were also analysed.
- **Data availability (budget data, important data relating to outcome and impact indicators in the focal sectors)** has been problematic. The team has been supported by the EUD, DEVCO Geo coordinator, and desk EEAS in the process of collecting, completing, and checking documents and data related to EU interventions. The team also used literature reviews related to topics covered in this evaluation to complete information. As far as EU information is concerned, one of the usual difficulties, apart from incompleteness of data on the CRIS system, is the often unknown nature of documents found on CRIS (undated, unsigned).
- Budget support is the instrument most favoured during the 10<sup>th</sup> EDF. **Evaluating Budget Support remains a challenge** as its results and impacts are closely linked to the Government's policy implementation and spending and to external factors. ADE used the OECD/DAC methodological approach outlined above.
- With respect to institutional memory, the greatest blockage has been the non availability of the previous economist at the Delegation.

- With respect to availability of partners, the fact that the evaluation took place just after the attempted alleged coup d'état and before the new elections combined to the fact that the highest levels of the civil service is staffed with political appointees, has meant that the team has only been able to meet technical ministerial staff, not strategic staff (Permanent Secretaries or Ministers). In addition the heads of the Ministry of Finance (PS and assistant PS) had been removed from office.

## 2.2 Evaluation Questions

In accordance with the evaluation methodology of the Joint Evaluation Unit, nine Evaluation Questions (EQ) are proposed. They will help focus the scope and limits of the evaluation and are designed to address the fundamental issues in respect of the strategy, objectives, implementation and results of the Commission's cooperation with Lesotho. The EQ have been developed taking account of the main issues to be addressed by the evaluation framework as identified in the TOR (section 3.1.3 and annex 6) and by the different stakeholders met during the first phase of this evaluation (see list of people met and/or interviewed by phone in Annex 7).

To reflect the strategic nature of this evaluation, considerable attention is given to questioning the EU's level and type of engagement with Lesotho:

- was it reasonable, given Lesotho's context, to assume that development challenges could best be addressed through a focus on development cooperation rather than on other forms of cooperation?
- was country level cooperation, rather than regional engagement, the best lever for development change in Lesotho?
- were Lesotho's development objectives best served by concentrating development cooperation on social protection, water and sanitation, and public governance?

A second level of investigation concerns the effectiveness and, where possible, the sustainability of development cooperation in the areas of concentration: support to social protection, support to water and sanitation and general budget support are each the object of one EQ. The evaluation of cooperation in non-focal sectors is addressed through an analysis of the support to and use of NSA since NSA were expected to play an important role in the design, implementation and monitoring of the proposed interventions through the instruments of decentralised cooperation. The effectiveness and sustainability of EU's cooperation as a whole is treated at the level of the conclusions so as to draw together the findings and lessons from not only the specific areas reviewed (social protection, water and sanitation, NSA) but also the overall effectiveness and sustainability of EU cooperation (drawing also on EQ1, EQ2 and EQ3).

In addition to the four EQ covering these main priority areas of the 10<sup>th</sup> CSP, the issue of efficiency of cooperation at a cross-sectoral level is analysed in a separate question.

The evaluation questions cover the traditional DAC criteria as well as Commission value added and the 3Cs. The EQ are summarised as follows and are presented hereafter first against the DAC criteria, then detailed with their associated judgment criteria and

quantitative or qualitative indicators, and finally are represented graphically at the different levels of the reconstructed intervention logic.

**Figure 2 – The Evaluation questions**

<b>EQ1 on the rationale of EU cooperation strategy with Lesotho</b>
To what extent has the EU's involvement in Lesotho been appropriate considering the EU's policies and comparative advantage and Lesotho's context and performance?
<b>EQ2 on Regional Leverage</b>
Could a stronger regional approach provide the EU with greater leverage for sustainable development change in Lesotho and if so, to what extent?
<b>EQ3 on relevance and coherence of sector choices</b>
To what extent were the choices of focal sectors and the projects and programmes under the 10 <sup>th</sup> and 11 <sup>th</sup> EDF an appropriate response to Lesotho's priorities and challenges ?
<b>EQ4 on social protection</b>
To what extent has the EU contributed to human development through supporting the development of appropriate social protection measures in Lesotho?
<b>EQ5 on water and sanitation</b>
To what extent did the EU's support to the water and sanitation sector contribute to improved sector management resulting in better service delivery, increased usage and ultimately reduced poverty and improved health?
<b>EQ6 on budget support</b>
To what extent has budget support contributed to improved public policies and spending?
<b>EQ7 on Non State Actors</b>
To what extent were Non-State Actors an effective channel of the EU's cooperation programme for achieving development change?
<b>EQ8 on management of the cooperation programme</b>
To what extent was support by the EU to Lesotho timely, predictable and delivered in a cost-effective manner?
<b>EQ9 on aid modalities and aid instruments</b>
To what extent have the EU's different aid modalities been combined to facilitate the reaching of anticipated outcomes of the EU's cooperation programme with Lesotho?

## 2.2.1 Evaluation questions against the DAC criteria

The link between the evaluation questions and the DAC evaluation criteria is not univocal and each evaluation question is in fact related to several criteria via its different judgment criteria. Figure 2 indicates this correspondence.

**Figure 3 – Coverage of Evaluation Criteria and Key Issues by the EQ**

	EQ1 on rationale of EU engagement with Lesotho	EQ2 on regional leverage	EQ3 on relevance and coherence of sector choices	EQ4 on social protection	EQ5 on the Water and Sanitation sector	EQ6 on Budget Support	EQ7 on Non State Actors	EQ8 on managemt of the programme	EQ9 on aid modalities and aid instruments
Relevance	■	■	■						
Effectiveness		■		■	■	■	■		
Efficiency							■	■	■
Impact					■				
Sustainability		□	□	■	□	□	□		
<i>Key Issues</i>									
Coherence			■						■
Commission Added value	■		□	□					■
3Cs	■		■						

■ Direct link: the Evaluation Question seeks to provide the analysis according to the selected evaluation criteria and/or key issue.

□ Indirect link: the evaluation criteria and/or key issues may be treated in the Evaluation Question but are not its main objects.

## 2.2.2 EQs detailed with their associated judgment criteria and indicators

The EQs are presented in detail with their associated judgment criteria and quantitative or qualitative indicators, as follows.

EQ1 on rationale	
<b>To what extent has the EU's involvement in Lesotho been appropriate considering the EU's policies, priorities and comparative advantages and Lesotho's context and performance?</b>	
<b>Justification and scope of the EQ</b>	
<p>This EQ aims to assess the rationale for the EU's involvement in Lesotho in the wider context of Lesotho's characteristics, the different instruments/policies available to the EU (and thus going beyond the traditional technical and financial development cooperation into the diplomatic, political and trade relationships in particular), the track record of EU's involvement in Lesotho and the donor landscape in Lesotho. In particular, it will seek to verify whether one of the three main implicit assumptions underlying the choice of engagement was correct, i.e. that Lesotho's challenges can be addressed through a focus on development cooperation, rather than on trade, political or other forms of cooperation. The two other main implicit assumptions relating (i) to the focalisation of EU engagement on country level cooperation rather than on a regional approach and (ii) the appropriateness within the cooperation programme of focusing on two sectors and GBS to leverage change in Lesotho, will be looked at under EQ2 and EQ3 respectively.</p> <p>EQ1 relates to all levels of the intervention logic but concerns more particularly the strategic positioning of the EU and the impact the EU has had. The question is closely complementary to EQ2 and EQ3 and will, in many ways, draw upon the assessments realised under the other EQ.</p> <p>The scope of the question covers:</p> <ul style="list-style-type: none"> <li>(i) the rationale of EU intervention in Lesotho and the extent to which EU engagement with Lesotho has involved exploring not only the development cooperation option but also other engagement options (JC 1.1)</li> <li>(ii) the extent to which other EU policies have been coherent, complementary and coordinated with EU cooperation in Lesotho (JC 1.2)</li> <li>(iii) the extent to which coordination between EU, GoL, NSA and other donors has taken place and has improved effectiveness and efficiency of interventions by improving complementarity of activities and coverage of support (JC 1.3), and</li> <li>(iv) the type of and extent to which the EU has provided value added for the MS and for the GoL (JC 1.4).</li> </ul> <p>The EQ, by questioning the relevance of EU's engagement in Lesotho, its forms and evolution, will provide lessons for the strategic direction of EU wide cooperation in the future, notably with regards to the complementary use of the EU's different policy instruments, and even potentially the amounts of EDF allocations to Lesotho.</p>	
<b>Level of analysis</b>	
Relevance, value added and 3Cs	
Preliminary Judgment criteria and indicators	
Judgement criteria (JC)	Indicators (I)
JC 1.1 Choices of strategic direction for EU cooperation with	EU analysed the nature of Lesotho's challenges and monitored their evolution
	The choice of EU engagement responses derived from a (documented)

Lesotho have been appropriate and evidence based	exploration of alternative response options
	The choice of EU engagement responses (development cooperation, trade, diplomacy, political, security) was based on proven or likely success in addressing the challenges
	The rationale for EU's involvement in Lesotho is clearly stated in programming documents and is understood by stakeholders
	A political and policy dialogue took place over the period and was strengthened after 2010 with the creation of the EEAS
	Lesotho required external assistance to progress to achieve its development goals in specific sectors
	Views of stakeholders on the appropriateness of the type and scope of EU engagement with Lesotho (9 <sup>th</sup> , 10 <sup>th</sup> and 11 <sup>th</sup> EDF)
JC 1.2 EU policies have been coherent, complementary and coordinated with EU cooperation in Lesotho	EU trade and environment policies took account of the objectives of development cooperation in Lesotho and have been supportive of them
	Frequent exchanges between Aidco directorates (DEU, geographical desks, thematic desks, ECHO, regional desks) and EEAS services took place
	Interventions financed under the EDF and specific budget lines have been complementary to and coordinated with funding under the EIB and ECHO
	Evidence of a common political and cooperation dialogue with the GoL and of political concerns shaping cooperation programmes
CJ 1.3 EU's engagement was coordinated with and complementary to that of other donors	Modalities of GoL, NSA and donor coordination and consultation at programming stage
	Division of labour (sector/geography/theme) amongst donors
	Role of the EU in coordination of donors and promotion of complementarities
CJ 1.4 The EU has provided value added to Lesotho's development	Programming documents explicitly refer to the Commission's comparative advantage to justify EU involvement in Lesotho
	Nature and extent of EU's comparative advantages according to Lesotho's interested parties and to evaluations of EU cooperation
Information sources	
Programming documents (CSP/NIP 10 <sup>th</sup> and 11 <sup>th</sup> EDF) Other financing instruments scoping documents Evaluations (CSP, programmes, projects) EAMR Statistical data on EDF allocations Comparative studies on Lesotho and other ACP country characteristics Interviews with stakeholders	
Analytical methods	
Historical analysis Documentary analysis Exploitation of interviews	

## EQ2 on Regional Leverage

**Could a stronger regional approach provide the EU with greater leverage for sustainable development change in Lesotho and if so, to what extent?**

### Justification and scope of the EQ

As seen in the analysis of EU's engagement rationale, the EU's choice of engagement with Lesotho has mainly been through country level development cooperation, not through regional cooperation. One of the assumptions that implicitly underlies such a choice is that development change in Lesotho is best addressed through country engagement, rather than regional engagement or other forms of engagement (through regional institutions, pan African initiatives, multilateral support for example). In Lesotho, a small inland country, surrounded by and dependent upon South Africa, such an underlying assumption requires to be strongly questioned. Indeed, for Lesotho, the importance of regional integration and of its links with South Africa cannot be over-stated. Both countries are members of SADC, SACU and the CMA. Lesotho's fiscal and trade policy is heavily influenced by its SADC and SACU membership, whilst monetary policy reflects its currency peg to the South African Rand. However, there are significant formal and informal barriers to closer integration in the region and in particular with South Africa. Politically this is sensitive, and the closure of virtually all foreign embassies in Lesotho, a trend that started with the ending of South Africa's apartheid era, has exacerbated that sense of isolation. Indeed at the time of the inception visit, the main border crossing between Maseru and South Africa was closed due to informal action by South African taxi-drivers, with a resulting back-log of vehicles, notably lorries, highlighting the fragility of trade access.

Given these challenges, strengthening regional cooperation should be a particular feature of EU support to Lesotho. However, there are several constraints, including a stalled SADC integration agenda and suggestions by South Africa to significantly change the SACU revenue pool to a development fund. Both these agendas are dependent on political processes in South Africa over which Lesotho (and EU assistance) has had little control. Another constraint is that the primary instruments available to the EU for regional initiatives for Lesotho and South Africa differ, as do the trading arrangements. Lesotho is an ACP country with access to the regional EDF funds and EBA, whereas South Africa is not and has a standalone SA-EU TDCA and should thus pay its own way into any regional programmes (or use its Development Cooperation Instrument allocation to participate). This EQ will question the validity of this constraint and investigate whether alternative approaches could and should have been used. Other challenges of regional integration concern Lesotho's ability to ensure its voice is heard in SADC. Whether EU support for SADC has been sufficient for effective participation from Lesotho will also be explored in this EQ. In addition the relationship between Lesotho and SACU will be explored: Lesotho has been a net beneficiary of SACU revenues, and the EQ will explore the extent to which the EU has supported Lesotho's engagement with and participation in SACU, within the threatening context of a changing revenue pool. Finally, to close the loop, this EQ will look beyond the legal constraints of EU cooperation instruments to investigate the possibilities of leverage from within the wider South African region to stimulate development change in Lesotho.

Based on these considerations, the scope of the EQ is as follows:

- (i) the extent to which the EU has tried to use the region as an engine for Lesotho's development and the reasons for blockage or success (JC 2.1)
- (ii) the extent to which the EU sought to and succeeded in furthering the integration of Lesotho in the region and the effectiveness of the tools deployed for this (JC 2.2),
- (iii) Lesotho's participation in regional institutions and the EU's efforts to reinforce this (JC 2.3),
- (iv) EU's efforts to adapt regional programmes to the constraints and needs of smaller



(v)	states such as Lesotho and provide tailor-made support (JC 2.4), and, The effectiveness of EU's engagement with South Africa in terms of including Lesotho's needs (JC 2.5) and involving South Africa in regional programmes (JC 2.6).
<b>Level</b>	
This is a strategic question that looks at the relevance of EU's engagement with regards to Lesotho's very particular development challenges which cannot be addressed sustainably without considering Lesotho's regional dependency. The effectiveness of the EU support at national and regional level in terms of Lesotho's regional integration will be analysed. The analysis spans the intervention logic from inputs to outcomes.	
Preliminary Judgment criteria and indicators	
<b>Judgement criteria (JC)</b>	<b>Indicators (I)</b>
JC 2.1 The EU has investigated and exploited the possibilities of using the region as a vector for Lesotho's sustained development	The EU analysed the possibilities of using regional engagement to improve Lesotho's medium/long term development prospects
	Existing constraints to the use of pan-african, regional and sub-regional engagement in Lesotho
	EU's attempts to overcome these constraints and results of these initiatives
	EU was an active actor in negotiating closer relationships between Lesotho and its regional neighbours (research of common grounds and interests)
JC 2.2 The EU has promoted Lesotho's regional integration with a view to enhance development change	EU role in the design and implementation of projects and programmes that benefitted both Lesotho and its regional neighbours
	EU launched cross border initiatives to promote closer relationships between Lesotho and its regional neighbours
	EU combined development cooperation, trade and policy and political dialogue to further Lesotho's regional integration
	EU supported Lesotho's export policy/strategy design and implementation
	EU supported export-related institutional capacities (private sector enterprises, trade boards, trade negotiations)
	EU supported export capacities (measures related to rules and procedures of foreign trade, import/export law, IPR law, trade remedies, procedures, etc.)
	Initiatives undertaken with EU support resulted in a lasting reduction of regional trade and access constraints
JC 2.3 EU support assisted Lesotho to participate actively and effectively in regional institutions	EU representation and support for regional institutions (SADC & SACU) was based on a sound understanding of Lesotho's needs and priorities and regional political realities
	EU Regional Delegations cooperated effectively to strengthen Lesotho's representation at regional fora
	EU fostered deeper links between Lesotho and its regional neighbours through effective participation in SADC and SACU
	The EU has funded joint regional missions, workshops etc. to build collaboration and joint capacity building between neighbouring countries
	Lesotho's prospects of lasting involvement in regional institutions has improved
JC 2.4 EU support to regional programmes and institutions took	Evidence that regional programmes ensured that the needs and priorities of Lesotho (and other smaller states) were taken into account
	Evidence that regional programmes took the particular constraints of Lesotho into account so that Lesotho could benefit from regional initiatives

account of the needs and priorities of Lesotho	(despite the non-access of South Africa)
	Evidence that coordinated programming ensured that the needs of Lesotho (and other smaller states) were taken account of in EU support to regional institutions
	Geographic coordination has been sustained through shared documentation, etc.
JC 2.5 EU engagement with South Africa took account of the employment, social and health needs of Lesotho	EU support to South Africa acknowledged the presence of many migrant workers from Lesotho (and elsewhere) and responded to their needs regarding security of employment
	EU support to South Africa acknowledged health needs, in particular the high incidence of HIV amongst migrant workers from Lesotho
	The employment, social and health needs of Basotho migrant workers in South Africa has been subject of a policy dialogue between the EU and the Government of South Africa
JC 2.6 The provision of different instruments (DCI in South Africa and ACP cooperation instruments in Lesotho) did not hinder regional cooperation	EU programming cycles and decision taking processes were harmonized between instruments
	The applications of EU aid (such as through the use of budget support) were similar regardless of whether support was provided under ACP support or DCI
	Provisions were made to overcome the constraints linked to Lesotho and South Africa having two funding sources with their own procedures
	EU support to Lesotho and South Africa has strengthened regional cooperation
Information sources	
<p>Programming documents (regional, RSA, Lesotho)</p> <p>Interviews (EU Lesotho, EU RSA, EU Botswana, SADC, SACU)</p> <p>Regional programme and project documents</p> <p>Regional evaluations</p>	
Analytical methods	
<p>Documentary analysis</p> <p>Interviews</p> <p>Statistical analysis of trade data</p>	

**EQ3 on relevance and coherence**

**To what extent were the choices of focal sectors and the projects and programmes under the 10<sup>th</sup> and 11<sup>th</sup> EDF an appropriate response to Lesotho's priorities and challenges?**

**Justification and scope of the EQ**

This EQ aims to investigate whether, at programming level, the choices made by the Commission and the GoL, in terms of priority sectors/areas and interventions included in the cooperation framework, responded adequately to the challenges posed by Lesotho's development [it is to be noted that for this purpose, budget support is treated as a sector]. In particular, the following assumptions underlying the choice of focal sectors need to be verified:

- providing support to OVCs and social protection more widely is the most effective way to tackle Lesotho's fight against the consequences of HIV/AIDS;
- improved infrastructure (water and sanitation, roads) is key to enable equitable economic growth and reduce poverty; and,
- the use of budget support will increase the cooperation's effectiveness, will contribute to the achievement of MDGs and is adapted to the particular context and capacities of the GoL.

The testing of these assumptions and the analysis of the relevance of the choices of sectors of intervention for addressing Lesotho's challenges will be done by assessing :

- (i) whether the EU, in choosing its focal sectors, did so in full understanding of the challenges facing Lesotho's development and whilst taking appropriate account of the context (opportunities, needs, constraints) and its evolution (JC 3.1);
- (ii) in how far the proposed focal sectors corresponded to a comparative advantage of the EU *vis-à-vis* other donors and provided a value-added *vis-à-vis* other donors and the Government (JC 3.2);
- (iii) to what extent the proposed focal sectors were complementary to other initiatives in the sectors (JC 3.3); and, finally
- (iv) whether EU's choices adequately addressed the challenges faced by the Government, responded to its policy priorities and were relevant to the wider objectives of EU cooperation aiming at poverty eradication, sustainable and inclusive growth and insertion into world trade (JC 3.4).

**Level of analysis**

Relevance, coherence, complementarity

Value added

Preliminary Judgment criteria and indicators

<b>Judgement criteria (JC)</b>	<b>Indicators (I)</b>
CJ 3.1 The choice of focal and non focal sectors responded to the country context and GoL needs and priorities and evolved accordingly	Choices of focal sectors derived from an exploration of alternative sectors
	EU focal and non-focal sectors were aligned to priorities expressed and constraints identified in GoL's national strategy
	Programming was done in consultation with Government, including Local Government Agencies (at district level), NSA and other donors
	Results of evaluations and changing external and internal circumstances influenced changes in choices of sectors, aid modalities and programmes

CJ 3.2 The choice of sectors took account of EU's value-added, experience and past performance	EU demonstrates particular expertise and experience in the chosen focal sectors compared and other donors
	Choices of sectors and interventions took account of new policy directives emanating from the EU Commission
	Positive performance track record of EU projects/programmes in terms of sustainable outcomes and contribution to project/programme specific and global objectives
	Proven positive and lasting contribution of EU support to Lesotho's achievement of development goals in the sectors selected for support
CJ 3.3 The choice of sectors and interventions facilitated coherence and complementarity with other donors, GoL and NSA	Modalities of GoL, NSA and donor coordination at programming and implementation stage
	The type of support to social protection and the choice of implementing partner were coherent and complementary with other efforts in social protection
	Support to the water sector and its move from project to SBS had been widely debated at programming and sector levels
	Withdrawal of EU support from the transport sector was done in coherence with other donors and GoL
	Synergies and absence of conflicts, duplication or overlapping of activities between EU and other donors in all sectors, including non focal
CJ 3.4 EU interventions adequately addressed challenges faced by the GoL and were supportive of the policy objectives of the GoL and the EU	Objectives of programmes and projects (EDF and budget lines) were aligned with those of government programmes
	Programme and project designs (EDF and budget lines) took full account of the constraints faced by GoL in the sectors of support and explicitly show how they would address the identified challenges
	Assumptions made for the success of the interventions in terms of achieving desired sustainable outcomes were explicitly addressed in design of interventions and their evolution was monitored during implementation to ensure continued effectiveness of the interventions
	The choice of supporting OVCs and later the development of a social protection system was the outcome of a critical assessment of alternative possible approaches to address the HIV/AIDS challenge in Lesotho.
	Moving EU support from supporting expansion of W&S infrastructure to SBS focusing on sector management responded to a better understanding of the sector's constraints to and opportunities for economic development
	BS specifically targeted reforms that could address the challenges faced by GoL in implementing its national strategy
	The EU had a clear vision of the potential for NSA to contribute to overall cooperation goals in Lesotho and what required to be done to realise this
	Views of stakeholders on the appropriateness of identified needs and challenges and on the priorities chosen with respect to these needs and challenges
Information sources	
Programming documents (CSP/NIP 10 <sup>th</sup> and 11 <sup>th</sup> EDF) Action Fiches and Financing Agreements Evaluations (CSP, programmes, projects) National development policy Relevant sector development policy Sector analysis Diagnostic studies (general and sector)	

Interviews with stakeholders
Analytical methods
Intervention logic analysis Documentary analysis Exploitation of interviews

#### EQ4 on Social Protection

**To what extent has the EU contributed to human development through supporting the development of appropriate social protection measures in Lesotho?**

#### Level

Effectiveness and sustainability.

The analysis will look at the input, output and outcome levels.

#### Justification and scope of the EQ

Ensure that growth in the economy translates to improvements in the quality of life for all citizens is a key challenge in Lesotho which faces social problems such as poverty, unemployment, food insecurity and HIV/AIDS. The 2013-2022 National Social Protection Policy identifies 12 policy priority areas which are poverty reduction, gender equality, substance abuse, family preservation, rehabilitation of offenders, the protection of older people, children, youth, people with disabilities, people affected by disasters and people affected by HIV/ AIDS.

HIV/ AIDS particularly has contributed to a high mortality rate amongst working age people, and has had severe consequences at household and community levels. In order to assist Lesotho facing the consequences of the HIV/AIDS pandemic, EU included support to Orphans and Vulnerable Children (OVC) as a focal area in the 10<sup>th</sup> CSP and quickly moved its support towards a more holistic approach towards social protection.

This support has been facilitated through UNICEF as implementing partner, encompassing the development of strengthened needs assessment of vulnerable populations, the development of an integrated database to facilitate a joined-up approach, institutional capacity development to ensure that responsibilities are clarified, and the adoption of new legislation to facilitate a national on-budget response rather than a donor funded and driven approach. In this regard Lesotho is regarded as something of a pathfinder amongst countries of similar levels of income and size, and is prioritizing social protection in its national budget following a regional trend (Namibia, Botswana, Zambia, South Africa, Malawi, Mozambique). It is to be noted that ECHO has also supported productive social protection schemes (Cash & Voucher project implemented by WFP) for community disaster risk reduction (DRR) and Resilience. The complementarity between the EDF and ECHO funded operations will be reviewed.

This journey is ambitious, and the EQ is therefore similarly challenging, in terms of its wide range of DAC criteria (coherence, coordination in addition to the effectiveness and sustainability criteria mentioned above as the main focus of the question). Although the EQ addresses the sustainability (affordability) issue raised by a nationwide implementation of the protection system, it avoids addressing global impact because much of the work has been either at policy level or at pilot level, benefitting a relatively small number of households (30,000 to date for the OVC project), besides attributions issues that have to be considered. However, to the extent that impact studies have been undertaken and are available, the impact of the scheme of the beneficiary population will be assessed.

This EQ will mainly focus on the contribution of the EU support to the achievements in terms of social protection: analysing in what way, and to what extent, EU support contributed to increasing the access to and use of education and health services by the vulnerable population, including in particular OVC and households with HIV/AIDS victims. To this effect, the questions will assess, in line with J.Mayne's approach to contribution analysis<sup>2</sup>, to what extent EU support has been instrumental in causing the changes identified in the quality and scope of social protection in Lesotho.

The EQ proposes to cover the following issues:

- (i) identification of the changes in Lesotho's social protection system over 2008-2013 (JC 4.1);
- (ii) analysis of the EU's programme, notably the safeguards built into the system to ensure that cash transfers were indeed targeted towards and received by the most vulnerable families (JC 4.2), that these transfers were then used to facilitate the use of social services, and resulted in an increased use of education and health facilities by vulnerable people and their increased resilience to risks (JC 4.3);
- (iii) the extent to which the EU cash transfer systems were designed in a way that enabled easy upscaling to a national level social protection system and the extent to which the evolving approach of the EU (moving from project to budget support approach) facilitated the Government taking responsibility for the funding and the running of the social protection system (JC 4.4, JC 4.5).

Overall, and at each stage of the analysis, the likely contribution of the EU to the design, outputs and outcomes achieved will be assessed.

#### Preliminary Judgment Criteria and indicators

Judgement criteria (JC)	Indicators (I)
JC4.1 EU support was instrumental in the paradigm shift whereby Social Protection evolved from stand-alone initiatives to a national social protection system	<p>Number/type of main social protection measures and initiatives during 2008-2013</p> <p>Evidence of evolution of National policies and strategies with regards to the protection of vulnerable groups 2008-2013</p> <p>Social protection measures targeted the needs of the most vulnerable and had been critically assessed against alternatives (entry points and non-contributory versus contributory schemes) for their effectiveness in reaching desired social outcomes</p> <p>Evolution of social protection measures into evidence based programming providing a suitable platform for expansion to a sustainable social protection system, including:</p> <ul style="list-style-type: none"> <li>• EU supported the drafting and publication of the National Social Protection Strategy</li> <li>• EU/UNICEF policy dialogue pushed for a national approach to setting up a SPS</li> <li>• EU supported social protection measures outside the strict support to OVCs</li> <li>• Number of EU supported evaluations that provided with lessons learnt to build a national social protection system</li> </ul>

<sup>2</sup> See the 6 step approach developed by John Mayne in 'Contribution analysis: An approach to exploring cause and effect', in ILAC Brief 16, May 2008.

JC 4.2 EU design of support measures for OVCs encompassed appropriate systems for identification and targeting, verification and possible referrals which have showed potential to support the implementation of a national social protection framework	Evolution of identification systems of vulnerable people in Lesotho 2008-2013
	The targeting methodologies and technological support (database) were reliable, equitable and viable for effective upscale and extension including: <ul style="list-style-type: none"> <li>• Percentage of inclusion error</li> <li>• Percentage of exclusion error</li> <li>• Census Coverage of the database</li> <li>• Geographical coverage</li> <li>• Existence of Cost-feasibility analysis to roll out the system NISSA</li> </ul>
	The targeting methodologies and technological support (database) has the potential to facilitate cross-sectoral programming, referrals and provides sufficient information for decision-making on individual cases, including: <ul style="list-style-type: none"> <li>• Instances of referral capacity</li> <li>• Number of cross-sectoral data available through the NISSA</li> </ul>
JC 4.3 The EU contributed significantly to meeting the needs of OVC through the CGP whereby Cash transfers were used for basic needs in education, food security and health resulting in enhanced resilience	Existence of monitoring and evaluation mechanisms of use of cash transfers
	Coverage of basic needs (Nutrition & Food Security, Education, Health) of CGP beneficiaries (children and households)
	Changes in levels of additional social protection benefits for children (such as child labour, abuse, discrimination, etc.)
	Existence of graduation mechanisms/exit strategies
	Changes in levels of poverty and individual and community resilience
JC 4.4 EU support for social protection facilitated the emergence of a sustainable national social protection system funded and managed by GoL	Assessment of GoL's institutional capacity to take over running of the scheme and design of potential appropriate technical support at centralized and decentralized levels, including partnerships with non-state actors, including. <ul style="list-style-type: none"> <li>• The EU support facilitated the emergence of the MoSD</li> <li>• Changes in MoSD capacity and decentralized presence</li> <li>• Number and coverage of NGOs partnership for decentralized implementation</li> </ul>
	Coordination amongst ministries and their capacity to work together have been consolidated through the piloting of the scheme showing reasonable prospect of success for effective upscale and extension, including: <ul style="list-style-type: none"> <li>• Intersectoral coordination platforms/events where upscale and extension of the NSPS has been discussed</li> <li>• Existence of inter-ministerial collaborations in regards to NSPS</li> </ul>
	Evolution of GoL's ownership of Social Protection systems in the light of political alternance and/or instability
	Evolution of GoL contributions to Social Protection systems and evidence of budgetary analysis to understand the likely affordability of the implementation of a national social protection framework from a national budget perspective including:

	<ul style="list-style-type: none"> <li>• Absolute and relative budget allocations to social protection in 2013-2014 and 2014-2015 budget laws.</li> <li>• Comparative cost of OVC within the wider SP elements</li> <li>• Affordability of SP package provided efficiency measures are taken</li> </ul>
<b>Information sources</b>	
UNICEF reports Global Fund Reports NSA reports National planning documents Poverty assessments Social sector survey and administrative data (health, education, income, employment) ROM reports Interviews	
<b>Analytical methods</b>	
Documentary analysis Interviews Statistical analysis of social sector data	

### **EQ5 Water and sanitation Sector**

**To what extent did the EU's support to the water and sanitation sector strengthen the management of the sector to become more effective and efficient in its service delivery to alleviate poverty and improve health?**

#### **Level**

The EQ addresses effectiveness, impact and sustainability criteria. This is a strategic level analysis, so the JCs and indicators use appropriate sector performance measures to inform the higher level findings. The presence of these indicators (and their timeliness, reliability and utilization) will help to inform whether the EU support is delivering on its objectives. By pitching the EQ at this strategic level, the evaluation should provide insight on the migration to nationally owned and managed processes. One of the challenges identified is that it can be difficult to facilitate this change in a sector where much of the working engagement is on operational issues (implementing the portfolio of projects).

#### **Justification and scope of the EQ**

Lesotho is probably unique in having ample water resources, with significant exports of bulk water to South Africa through the Lesotho Highlands Water Scheme, whilst having serious deficiencies in providing basic water and sanitation to its domestic population especially those living in rural communities and towns in lowland areas. EU support during the 9<sup>th</sup> EDF was focused on addressing this shortcoming, and it has evolved into sector support, with significant emphasis on capacity building and institutional development, complementing activities under individual projects that were being implemented during the evaluation period.

The EU has therefore provided sustained support for the sector, with increasing focus on enhancing national management capacity and the adoption of a joined-up sector approach. This question therefore seeks to get to the heart of this evolution and the judgement criteria concentrate on:

- (i) the process in terms of its efficiency, its effectiveness as measured by sector performance measurements and its sustainability, which reflect both its environmental consequences (picked up at indicator level) and its financial sustainability, which is partly dependent on introducing realistic user charges. The different aspects cover:
  - a. the sector's policy, strategic, organisational, managerial and/or regulatory



<p>framework (JC 4.1)</p> <p>b. the institutional arrangements for planning and sustainable management (JC 4.2)</p> <p>c. sector coordination and harmonisation (JC 4.3), and</p> <p>d. service delivery (JC 4.4).</p> <p>(ii) the effect on the use of services by the population and its impact on health, living standards and income, and ultimately poverty reduction (JC 4.5).</p> <p>Where possible the contribution of the EU will be identified following the contribution analysis approach referred to above<sup>2</sup>, although direct attribution may not be possible due to the instruments used.</p>	
Preliminary Judgment criteria and indicators	
Judgement criteria (JC)	Indicators (I)
CJ 5.1 Support to the sector strengthened its reform process and contributed to tangible improvements in its policy, strategic, organisational, managerial and/or regulatory framework	Evidence that a water sector reform programme was ongoing: existence of a sector policy, a sector strategy, a detailed costed and time bound action programme and a monitoring mechanism of its implementation
	Evidence that accompanying non financial support (capacity strengthening) contributed to relieve specific constraints, showed clear results and thus facilitated the implementation of the reform process
	Evidence that conditions and performance indicators retained for SBS disbursement were functional and have been respected
	Evidence that SBS contributed to an improved sector framework which is better geared towards government strategic priorities and more apt to deliver the targeted results
JC 5.2 Support for the sector helped strengthen institutional arrangements for planning and sustainable management at sector level	Evidence that institutional and sector management needs assessments were undertaken, thereby facilitating investment prioritization
	Minutes from sector coordination meetings demonstrating cross-sector participation at an appropriate level
	Water sector management information systems developed and utilized
	Evidence of improved sector management, including improved performance monitoring and better data.
	Evidence of well managed capital investment and maintenance activities.
	Water and sewerage charging systems put in place, with improving cost recovery
JC 5.3 Support initiatives in the sector were coordinated and complementary	Evidence of analysis of lessons learned from previous water sector interventions reflected in new activities
	Linkages established between EU support and support from other sources
	Existence of sector working groups and scope of their work
	Coordination between different water sector projects and programmes supported by the EU
	ROM reports for technical assistance provided indicates that the support contributed to improved sector coordination
JC 5.4 The sector has become more efficient and effective in its service delivery and contributed to improved W&S access and quality of	Percentage of unaccounted for water has been reduced
	The number of additional households in target areas having received connections is on target
	Water rationing and supply interruptions have become less frequent
	The quality of water provided is being monitored and has been improved
	Environmental contamination (e.g. of rivers) has been less severe.
The number of households with access to permanent sanitation facilities	

provision	(latrines etc.) has increased in absolute numbers and in percentage terms
JC 5.5 The implementation of the W&S strategy contributed to an increased use of W&S services and impacted positively on health, living standards and income	Agricultural production and incomes in areas served with W&S infrastructure has increased
	Reduction in the number of people (especially women) needing to carry water to their homes
	The incidence of water borne diseases and those related to poor sanitation (e.g. diarrhoea, intestinal infections) has been reduced
<b>Information sources</b>	
Sector policy documents Sector reviews SWG minutes and discussion notes Auditor General's reports and sector accounts Project preparation documents ROM reports, Mid-term reviews and evaluations of EU projects/programmes TA reports Payment dossiers for tranche disbursements Financing documents by other donors active in the sector Donor evaluations Socio-economic survey and administrative data Interviews	
<b>Analytical methods</b>	
Documentary analysis Interviews with sector stakeholders Statistical analysis of socio-economic and water and sanitation data	

## EQ6 on Budget support

### To what extent has budget support contributed to improved public policies and spending?

#### Level

The question concerns the effectiveness of BS, comprised of its three components, funding, policy dialogue and technical advice/capacity strengthening, in improving public policy making and implementation, with a specific focus on public finance management. By assessing the direct effects of EU BS on improved policy making and monitoring capacities, improved budgetary procedures (in particular allocative efficiency) and accountability, the contribution of BS to the long term sustainability of public action is also assessed. The EQ also covers the coordination aspects of the provision of BS in Lesotho, which is rather particular since so few donors are present and active in Lesotho, especially in the provision of BS. The EQ thus covers the criterion of effectiveness, and indirectly it covers the criteria of sustainability.

The EQ is complementary to EQ4 (on Social protection), EQ5 (on the water and sanitation sector) and to EQ9 (on aid modalities).

#### Justification and scope of the EQ

During the period, the EU provided budget support (BS) in the form of general budget support (GBS) and sector budget support (SBS) to the water sector. BS was initially used under the 9<sup>th</sup> EDF but was stopped in 2004 because conditions, in particular related to PFM and the ability of the Government to provide a credible performance assessment framework (PAF), were assessed as unsatisfactory. Nevertheless, due to the general move towards BS emanating from EU headquarters at policy level, BS was proposed to be used again for the 10<sup>th</sup> EDF. In 2006, a Public Financial

Management Performance Review was undertaken by the World Bank and was followed by a joint donor mission (EU, World Bank, Irish Aid, GTZ and DFID) which sought to agree with the Government a roadmap towards BS in the period to 2008 so that a joint BS programme could be established (which, for the EU, would fall under the 10<sup>th</sup> EDF programming). The progress was slow but eventually BS was resumed by the EU with a first disbursement in 2010 (under PRBS1). It was later followed by the granting of a second BS (PRBS2). In parallel, the support to the water sector was delivered in the form of a SBS. In order to increase sustainability of the support to social protection and in line with the Communication on Social Protection in EU development cooperation of 2012, the support programmed for social protection was also, after an initial period of project implementation, partly transformed into a BS operation.

The terms of reference require the budget support operations PRBS1 and PRBS 2 to be analysed following Step 1 of the OECD/DAC Methodological approach to Budget support. Since the evaluation concerns only EU funding, the methodology will be adapted; it will assess only EU inputs, direct outputs and induced outputs, excluding however the analysis of public service delivery which is treated partially under EQ4 and EQ5 with regards to the social sectors and the water and sewerage sector. EQ6 will thus focus the analysis on the extent to which changes in public policies, public institutions and budgeting can be attributed to EU budget support; the extent to which these have in turn contributed to changes in the delivery and use of public services, outcomes and impacts will not be investigated.

Step 1 of the methodology covers the first three levels of the evaluation framework as follows:

- (i) GBS/SBS inputs by donors defined as including funds, policy dialogue, conditionality, and technical assistance/capacity building (TA/CB); in the current case, only the EU funded programmes will be considered.
- (ii) direct outputs which relate to the improvements expected in the relationship between external assistance and the national budget and policy processes, including improved alignment to government policies and systems and harmonisation between donors. The extent to which this second level of investigation can be pursued when only EU funds are considered is limited. These direct outputs are typically the effect of BS from all donors as a whole: it will be impossible to disentangle the EU's contribution to these direct outputs. Nevertheless, the line of investigation will be pursued but recognising that the effects measured are those of BS from all donors to Lesotho. And,
- (iii) induced outputs which consist of the positive changes expected in the financing and institutional framework for public spending and public policy, and consequent improvements in public policy management (and in service delivery, excluded from the current analysis as justified above). At this level, and in contrast to the level of direct outputs, it is easier to attribute changes identified to specific budget support operations as changes are linked to specific budget support disbursement conditions and the associated policy and technical dialogue on performance indicators as well as to specific capacity strengthening initiatives.

Step 1 thus excludes the appreciation of outcomes (level 4) and impacts (level 5) which are, concerning the social protection and the water and sanitation sector, covered to some extent in EQ4 and EQ5 which deal with the overall outcome of EU support in these sectors.

The JC are organised according to these three levels of the evaluation framework: level 1 (JC 6.1), level 2 (JC 6.2), and level 3 which looks at the effects of budget support on the improvement of public policy and institutions in general (JC 6.3) and specifically as they relate to public finance management (JC 6.4), and, finally, the effects of budget support on public expenditure (JC 6.5).

Preliminary Judgment criteria and indicators	
Judgement criteria (JC)	Indicators (I)
CJ 6.1 The EU's GBS and SBS programmes offered an appropriate mix of funds, policy dialogue and technical assistance	Evidence of analysis of conditions for the use of BS undertaken (three eligibility criteria for GBS and SBS and 7 points assessment for SBS)
	Link between amounts of GBS-SBS funding and macro-sector financing needs
	Existence and strengthening of macro and sector dialogue and effect of temporary rupture of BS on dialogue quality
	Provision of TA to facilitate design, implementation and monitoring of supported reforms
CJ 6.2 The relationship between external assistance and the national budget and policy process has improved	The size and share of external assistance made available through the budget increased - this indicator will include EU and non EU BS funding
	Evidence that EU BS disbursements were predictable, timely and coordinated with GoE and other donors.
	Evidence that EU BS contributed to greater harmonisation of donor interventions and better alignment on Government priorities
	Evidence that BS reduced transaction costs
	Evidence that the policy dialogue and priorities as identified through disbursement conditions were better coordinated, allowed strategic discussions and were more conducive for the implementation of government strategies
	Evidence of changes in coordination of donors and joint initiatives (programming missions, monitoring missions, studies etc.) linked to BS
	Capacity strengthening initiatives linked to budget support operations were more relevant, better coordinated and more effective in delivering results
CJ 6.3 EU BS has improved the public administration's capacity in public policy planning, management and monitoring	Domestic revenue mobilisation increased
	Development of public policy planning, planning capacities and tools (expertise in strategic policy development and programming, macro & fiscal projections, MTEF, improved budget cycle, improved sector policies, strategies and action plans, etc.)
	Improvement of public policy implementation, implementation capacities and tools (timeliness of funding availability, improved procurement cycle, improved information systems, availability of human resources/ progress in civil service reform)
	Improvement of monitoring and reporting of public policy implementation, development of monitoring capacities and tools, in particular with regards to poverty reducing sectors/activities (public expenditure monitoring, activities monitoring, statistical systems, publication of data, of monitoring reports, of PAF)
	Evidence of links between improvements identified and BS conditions for disbursement, policy and technical dialogue and accompanying TA
CJ 6.4 EU BS has facilitated the design, implementation and monitoring of a PFM reform programme	Views of stakeholders on role of EU BS in these improvements
	Existence of a PFM reform policy, strategy, a detailed costed and time bound action programme and monitoring mechanism and system
	BS contributed to an improved PFM framework (policy, strategy, managerial and institutional capacities and organisation, monitoring systems, regulations)
	BS contributed to improved accountability
	Views of stakeholders on role of EU BS in these improvements

CJ 6.5 EU BS has contributed to the improvement of public spending patterns	Macro-economic and fiscal stabilisation achieved thanks to BS
	BS contributed to improved budget discussion processes
	Patterns of evolution of budget allocations over 2005-2012 between sectors, including in particular favourable expenditure provisions for infrastructure investment and maintenance and for social protection
	Views of stakeholders on role of EU BS in identified improvements
<b>Information sources</b>	
Budget support documents (FA, disbursement dossiers, tranche review files) Budgets (budget law and executed budget), Sector MTEF National development policy, sector policy, strategy and action plans Sector reviews, PFM reviews (PEFA, PER), TA reports, M&E reports, Interviews PFM monitoring reports	
<b>Analytical methods</b>	
Documentary analysis Interviews Statistical analysis of budget data	

### EQ7 on Non-State Actors

**To what extent were Non-State Actors an effective channel of the EU's cooperation programme for achieving development change?**

#### Level

Efficiency, effectiveness

This EQ will be answered in a layered manner – it is intended to be strategic, but evidence based, reflecting actual experiences on the ground with contracting and implementing programmes to support NSA and looking at how well NSA delivered in terms of the provision of social services. Given the time and resources available, the review cannot be comprehensive, and will therefore be based on limited targeted more detailed reviews across a range of interventions that have been implemented by NSA. Care will be taken to ensure that those selected represent a good cross-section.

#### Justification and scope of the EQ

Support for NSA has been a vital component of the EU's support to Lesotho, both as a recipient of support and as a vehicle to implement EU support. Support to NSA has contributed to the balance of support, given that Lesotho has a large public sector, and has contributed to both strengthening economic and social accountability (support to NSA/civil society acting for democratic rights), and to service delivery, particularly for the poor, including those living in rural areas and dependant on agriculture and livestock (support to NSA delivering public services and undertaking field work). Whilst NSA have an important role to play, concerns were expressed during the inception visit that indigenous NGOs were relatively disadvantaged compared to international NGO's because they have lower levels of familiarity with responding to calls for proposals.

The EQ is therefore structured partly around the understanding of the needs of NSAs and partly around their service delivery functions, both at the state level and in the field; it covers:

- (i) the understanding of the potential role of the NSA in development cooperation, their needs and constraints (JC 7.1)
- (ii) the effectiveness of EU's support to the NSA (JC 7.3), and
- (iii) the effectiveness of NSA's activities, in particular in terms of improved public sector governance and democratic accountability (JC 7.4) and

(iv) the effectiveness and sustainability of NSA's activities in terms of service delivery (JC 7.5).	
Preliminary Judgment Criteria and Indicators	
Judgement criteria (JC)	Indicators (I)
JC 7.1 EU's support to NSA and its use of NSA were based on a sound understanding of NSA needs and capabilities	Evidence that a mapping study was undertaken of NSA in Lesotho, their sectors of involvement and activities
	Evidence of needs assessments by the EU of NSA
	The EU demonstrated a solid understanding of what could and could not be achieved using NSA as the delivery mechanism
	Effective NSA coordination processes were put in place, with solid participation from a full range of NSA (international, national and local actors, including those serving minority and community-based interests).
	Performance feedback mechanisms were put in place.
JC 7.2 NSAs were able to respond positively to calls for proposals and to deliver on their commitments	Lesotho based NGOs (both international and indigenous) applied for funds
	The number of NGOs applying for funds was such that effective competition for funds was assured
	Progress and project completion reports indicate that NSA delivered on their commitments
	Impartial stakeholders noted the increasing effectiveness of NSA
JC 7.3 Support for NSA by the EU contributed to improved public sector governance and democratic accountability	EU support helped NSA play a successful role in "third party monitoring", with evidence of reports published and media plurality
	Support for NSA helped the population of Lesotho to hold the executive to account for its actions.
	EU support played a positive role in strengthening NSA oversight of public sector budgets and as a result of this, expenditure management improved during the evaluation period
	EU support build the capacity of NSA in key areas such as the justice sector and in the support of decentralization
JC 7.4 Support for NSA by the EU contributed to strengthened pro-poor service delivery, thereby contributing to EU's 10 <sup>th</sup> EDF CSP goals and objectives.	Evidence of improved service delivery in prioritized areas
	Evidence that the poor, including those facing particular disadvantages (e.g. the elderly, those with disabilities etc.) benefitted from the support provided
	Evidence that delivery systems for NSA service delivery were strengthened and became more resilient
	Evidence that these NSA did not become over-dependent on donor funds
Information sources	
Documents analysing the role of NSA in Lesotho (both by the EU and from other sources) Reports of responses to calls for proposals Sector reviews, TA reports, M&E reports Interviews	
Analytical methods	
Documentary analysis Interviews Selected visits to NSA supported projects Possibly a mini-workshop involving NSA that have been programme beneficiaries.	

<b>EQ8 Management of the Programme</b>	
<b>To what extent was support by the EU to Lesotho timely, predictable and delivered in a cost-effective manner?</b>	
<b>Level</b>	
Efficiency The EQ concerns the links between the input and output levels.	
<b>Justification and scope of the EQ</b>	
The EU Delegation in Lesotho is one of the smallest in Africa and has shared its Ambassador and Finance & Administration unit with Swaziland. It is therefore important to assess whether it had the capability and resources to administer a programme of this size, especially over a period in which the EU was decentralizing many responsibilities from Brussels to delegations. The consequence of sharing some tasks related to another country (Swaziland) is also relevant to consider. The issue is approached from the following angles:	
<ul style="list-style-type: none"> <li>(i) the human resource constraint (JC 8.1)</li> <li>(ii) the change represented by the creation of the EEAS (JC8.2)</li> <li>(iii) the effects upon the EUD's capacity to undertake policy dialogue and to improve EU visibility (JC8.3); and,</li> <li>(iv) the EUD's learning strategy (JC 8.4).</li> </ul>	
Preliminary Judgment criteria and indicators	
Judgement criteria (JC)	Indicators (I)
JC 8.1 The human resources available in Brussels and in the Lesotho Delegation were appropriate, given the mix of instruments and the range of focal and non-focal sectors	The EUD had an appropriate mix of posts, at the suitable mix of seniority to manage the Lesotho country programme.
	EUD staffing reflected an appropriate range of specialists, given the structure of the sector programmes
	Disbursement of volumes of aid in value, number of sectors covered, and number of contracts, per unit of staff compared to other regional EUD
	Evidence of quality of support and oversight provided by Brussels staff
	Numbers of national staff employed in the DUE compared to other donors
JC 8.2 The creation of EEAS has reinforced the EUD's capacity to undertake its activities.	Roles and responsibilities of each party have been clearly articulated and understood internally and externally (amongst stakeholders in Lesotho)
	The timeframes for decision taking processes concerning the Lesotho programme have not been affected
	Formal and informal lines of communication have worked well
	No contradictions have emerged regarding the relative priorities of DEVCO and EEAS
JC 8.3 The Delegation was adequately staffed to engage in effective policy dialogue as well as in administrative facilitation	Shared responsibilities over Swaziland did not hinder availability for and depth of policy dialogue
	Key Delegation stakeholders understood the process of policy dialogue and were sufficiently empowered to participate fully
	Delegation staff have attended key national and sector fora on a regular basis
	EU's website, "Europe Days", exhibitions, the Lesotho media and written publications evidence EU principles and priorities
	Transaction costs of supporting two countries (that have no common border) have been contained effectively, thereby offering Value for Money
	Accounting and related systems have enabled a clear tracking of expenditures by country

JC 8.4 The Lesotho Delegation has an appropriate learning strategy, enabling it to reflect on its experience, integrate M&E results in its management decisions and share findings with others	There is evidence that the EUD has taken account of previous country, sector and thematic evaluations in preparing and executing its work
	Adequate M&E systems and reports exist at project, sector and national level to report on results in line with the CSP planning
	EUD management of information is consistent with a positive learning strategy
	The EUD has contributed to efforts to disseminate findings both within the EU and within the region, especially Lesotho.
<b>Information sources</b>	
Administrative statistics from DEU Yearly DEU reports Interviews	
<b>Analytical methods</b>	
Documentary analysis Interviews	

### EQ9 on aid modalities and aid instruments

**To what extent have the EU's different aid modalities been combined to facilitate the reaching of anticipated outcomes of the EU's cooperation programme with Lesotho?**

#### Level

Efficiency, coherence, value added

#### Justification and scope of the EQ

The EQ will look at the relative efficiency with which outcomes have been reached and compare the various approaches, aid modalities, financing instruments, implementation modalities and policy dialogues. In water and social protection, both project and budget support have been used thus facilitating the comparison between the two instruments. In both water and social protection, several funding sources have also been used (water facility/EDF, ECHO/EDF) allowing a judgment to be made on relative efficiency of bilateral/thematic funding and means of implementation (SBS/GBS/NSA/project). In the water sector SBS has been used whilst at the same time GBS has been used to further development objectives as a whole and in PFM and Social protection in particular. It will be possible to compare the two approaches, analyse the levels/depth of policy dialogue etc. in order to provide a view on the relative efficiency of GBS or SBS and potentially draw informative lessons for the implementation of the 11<sup>th</sup> EDF programmes. The EQ will principally look at cooperation in the three focal sectors where instruments, aid modalities and implementation mechanisms can be compared to draw lessons for relative efficiency. It will rely on the following judgment criteria:

- (i) the appropriateness of choice of aid and financing modalities (JC 9.1)
- (ii) the complementarity of interventions funded by different instruments when pursuing the same objectives (JC 9.2), and
- (iii) the relative merits of general and sector budget support in Lesotho in improving public policies and institutions (JC 9.3).

Preliminary Judgment criteria and indicators

Judgement criteria (JC)	Indicators (I)
JC 9.1 The EU has used a set of financing modalities	Financing modalities and implementation mechanisms have been discussed with the GoL/beneficiary agencies and took account of institutional capacities

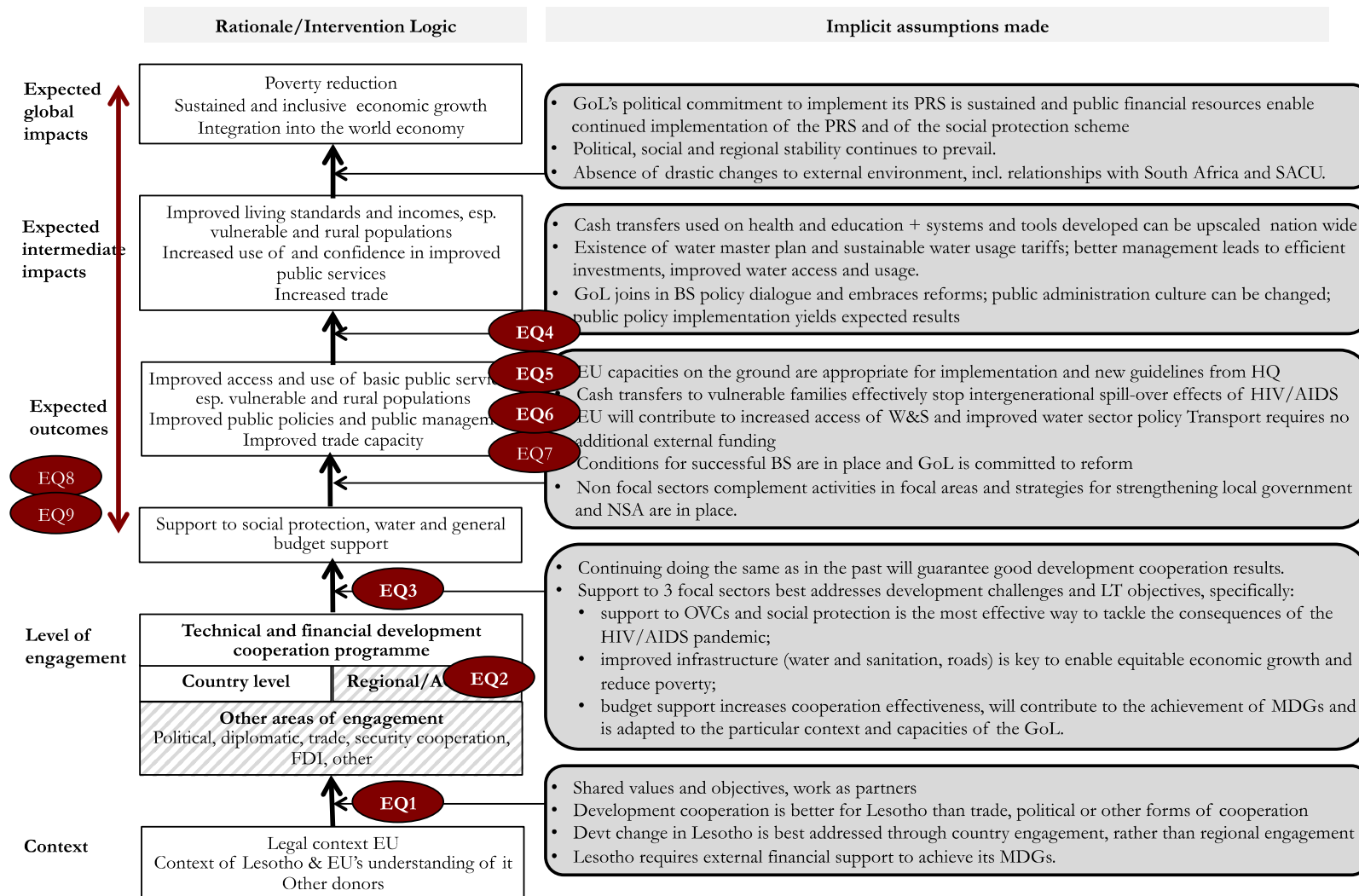


that has enabled a flexible and appropriate response to Lesotho's needs and capacities	Financing modalities and implementation mechanisms have been assessed for their relative merits in achieving cooperation outcomes Evidence that the set of aid modalities evolved in time to reflect changed institutional capacities of GoL/beneficiary agencies rather than changed policy priorities in HQ
JC 9.2 The EU has looked for complementarity when designing interventions under different financing instruments	Programming documents (CSP/NIP) explicitly refer to maximising complementarities between interventions under different financing instruments AF/FA explicitly refer to other interventions undertaken either in the same or in other sectors/areas so as to promote complementarities and synergies between interventions Views of stakeholders on complementarities achieved within Commission interventions
CJ 9.3 GBS and SBS have each made clear contributions to improved policy processes and improved performance in PFM, social protection and water that could not have been achieved with other instruments	Comparison of the results of previous analysis of contributions of GBS and SBS to macro and sector achievements (EQs 4 to 6).
Information sources	
Programming documents Evaluation reports ROM Interviews PFM monitoring reports Sector reports and reviews	
Analytical methods	
Documentary analysis Interviews	

### 2.2.3 EQs represented graphically at the different levels of the reconstructed intervention logic

The following graph positions the evaluation questions against the different levels of the intervention logic.

**Figure 4 – Evaluation Questions and the Intervention Logic**



Source: ADE

## Annex 3: Inventory of EU interventions in Lesotho

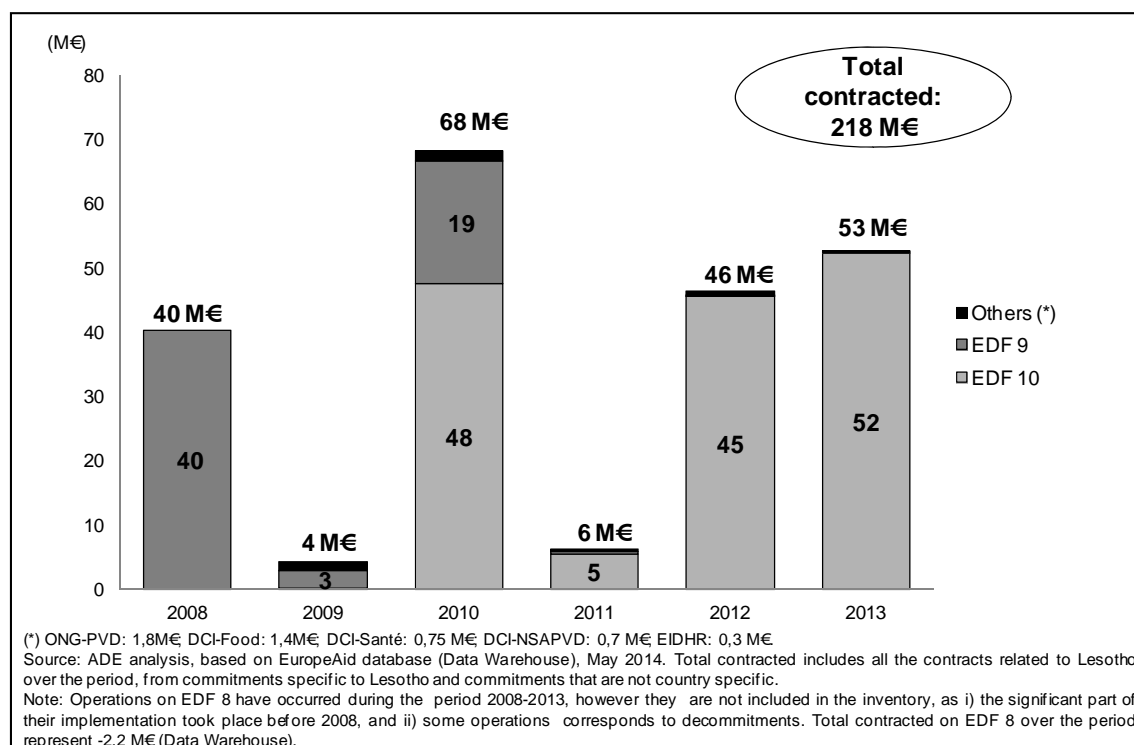
This section provides an inventory and a typology of the EU cooperation with Lesotho over the period 2008-2013 through (i) a general overview of the cooperation over the period; (ii) an overview of the cooperation by sector of intervention; and (iii) an overview of EU support compared to other donors.

The inventory was elaborated from the EuropeAid database CRIS (Common RELEX Information System), and its Data warehouse (DWH)<sup>1</sup>. According to the terms of reference, interventions funded by the European Investment Bank (EIB) and the European Commission Directorate General for Humanitarian Aid (DG ECHO) are outside the scope of this evaluation and are therefore not included in the inventory.

### 3.1 General overview of the cooperation

As is shown in Figure 1 below, the Commission has contracted a total amount of 218 M€ for interventions to Lesotho over the period 2008 - 2013.

**Figure 1 – Evolution of Commission’s funding to Lesotho from 2008 to 2013 (contracted amounts in M€)**



<sup>1</sup> CRIS/DWH extractions were made in May 2014.

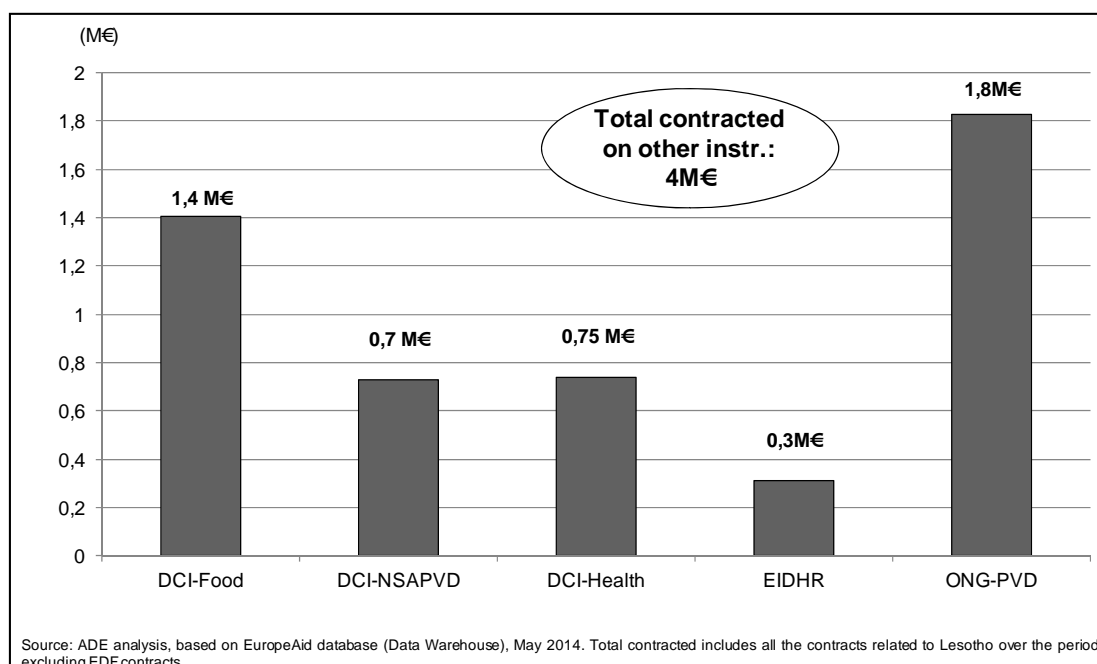
Annex 1 presents the full inventory of all EU interventions that have been designed and / or implemented within the period 2008 – 2013 in Lesotho. The inventory includes funding source (“Domain”), decision year, title, amounts contracted and paid, and thematic sector.

The following preliminary observations are of particular note at this stage:

**Total contracted varied significantly between 2008 and 2011.** Significant drops in contracted amounts occurred during the handover from EDF9 to EDF10 programming in 2009 (EDF 10 started to be implemented in 2010), as well as in 2011. The low level of amounts contracted in 2011 can partly be explained by the fact that some major contracts could not be signed by the end of 2011.<sup>2</sup> Amounts contracted in three years (2010, 2012 and 2013) thus amounted to almost 80% (166 M€) of the total contracted over the six year period and have been heavily influenced by the disbursements of budget support.

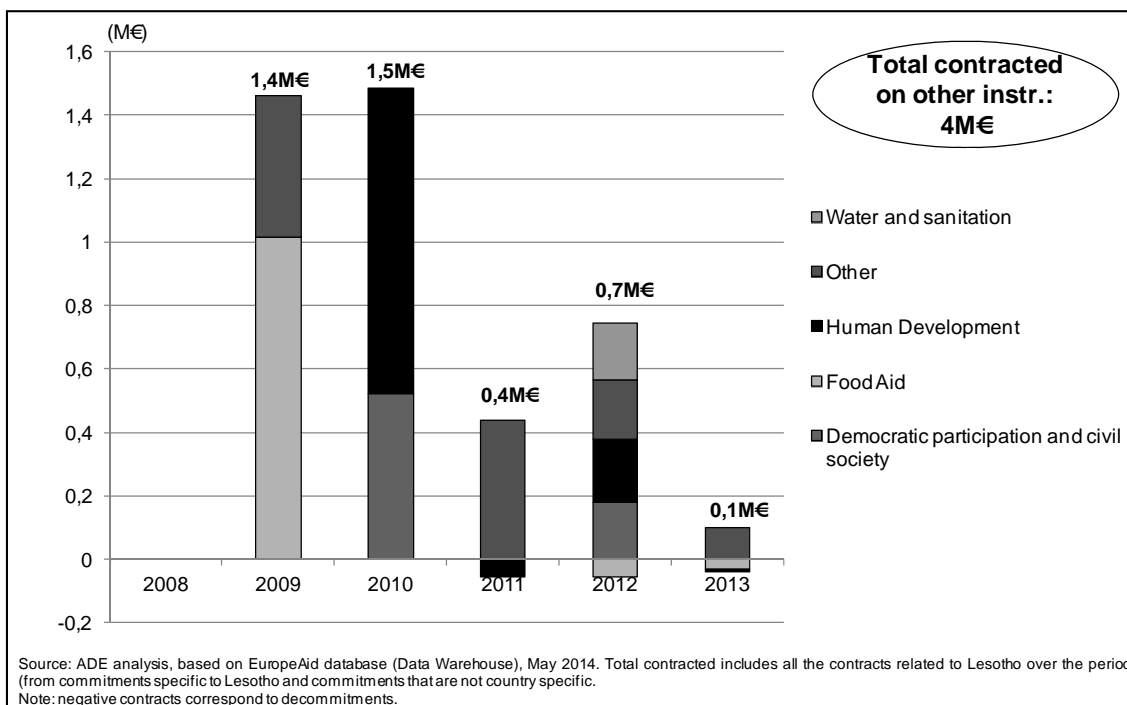
**In terms of funding sources, a total of five different instruments and programmes were used for EU cooperation with Lesotho between 2008 and 2013<sup>3</sup>.** These included geographic instruments (EDF), thematic instrument (EIDHR<sup>4</sup>) and thematic programmes (the Thematic Programme for Non-State Actors and local authorities, Food security, Health<sup>5</sup>). Contracted amounts per instrument are shown in Figure 2 below.

**Figure 2 – Amounts contracted: Other instruments in M€(2008-2013)**



<sup>2</sup> EUD Lesotho (2012), “External Assistance Management Report (EAMR), period 01/01/2011 – 21/12/2011”, p2.  
<sup>3</sup> 4M€ have been committed in 2012 on the Thematic Programme for Environment and Natural Resources, but the programme has not been implemented yet.  
<sup>4</sup> European Instrument for Democracy and Human Rights  
<sup>5</sup> DCI-Santé

**Figure 3 – Amounts contracted: Other instruments in M€(2008-2013)**



In terms of amounts contracted from each funding source, the vast majority of interventions were funded by the EDF:

- 98% of the total contracted came from EDF sources<sup>6</sup>. Contracts related to EDF 10 amounted to 151 M€ (of which 0.75 M€ having ACP as benefiting zone<sup>7</sup>, and 3M€ regional EDF), and the remaining 63 M€ refer to contracts related to commitments on EDF 9.
- Leaving aside EDF, contributions came from following thematic instruments and programmes:
  - DCI-NSAPVD / ONG-PVD, which provided 1,4M€ across seven projects, including Strengthening Civil Society in Lesotho;
  - DCI-Food, which provided 1,3M€ across three interventions, including Food facility support to households affected by HIV/AIDS;
  - DCI-Santé, which provided 1 M€ for a single intervention, namely the Strengthening Professional Associations Recruitment and Retention Capacity (SPARRC);
  - EIDHR, which provided 0.43 M€ across two interventions, including the Advocacy for Establishment of a Fully Operational Human Rights Commission in Lesotho.

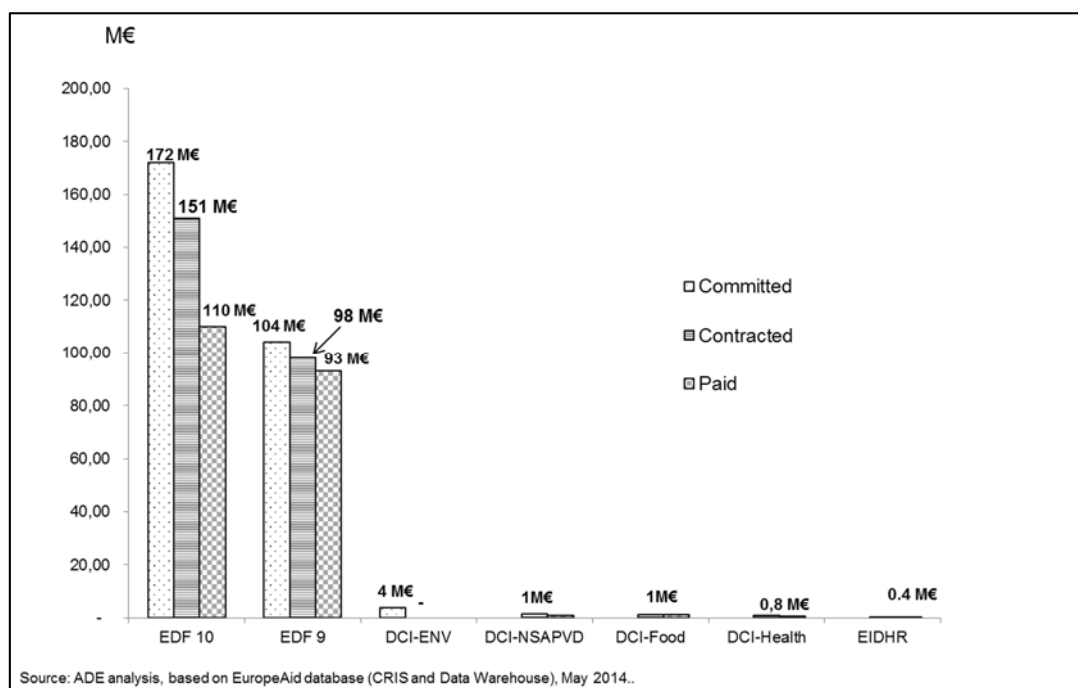
**The disbursement rate of commitments to amounts contracted is relatively high.** Considering the commitments made over the period 2008-2013 on EDF 10 for Lesotho (172 M€), 87% of the committed amount has been contracted at this stage. As a

<sup>6</sup> Operations on EDF 8 have occurred during the period 2008-2013, however they are not included in the inventory, as i) the significant part of their implementation to took place before 2008, and ii) some operations corresponds to decommitments. Total contracted on EDF 8 over the period represent -2,2 M€ (Data Warehouse).

<sup>7</sup> EDF 10 Water Facility

comparison, 94% of committed amounts on EDF 9 have been contracted (104 M€ committed against and 98 M€ contracted<sup>8</sup>). Regarding payments, respectively 73%, 95%, and 79% of contracted amounts have been paid for EDF 10, EDF 9, and other instruments. Figure 4 below illustrates this.

**Figure 4 – Amounts committed, contracted, and paid in M€(2008-2013)**

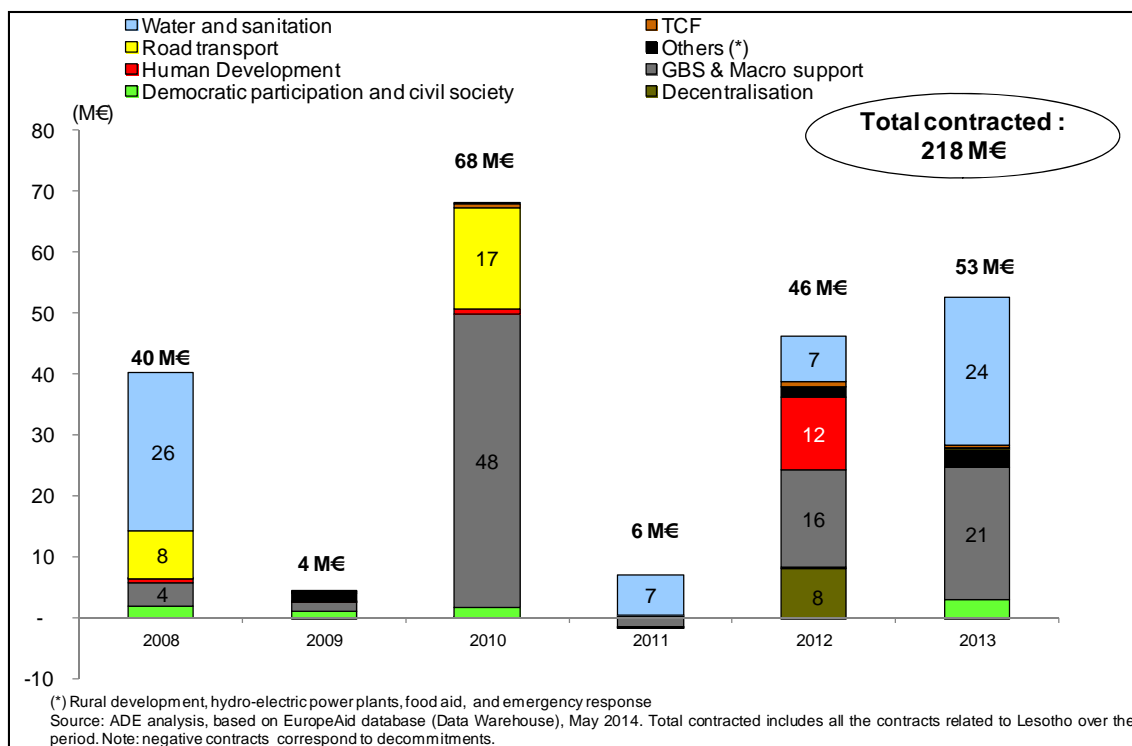


### 3.2 Overview of the cooperation by sectors

**The interventions cover a wide range of thematic areas (see Figure 5 below).** They include the focal sectors of the national indicative programmes for EDF9 and 10, i.e., water and sanitation, road transport, human development (including HIV/AIDS), and general budget support and macroeconomic support. They also include additional areas outside focal sector, e.g., support to non-state actors, decentralisation, and the Technical Cooperation facility.

<sup>8</sup> Commitments and a part of the contracts are prior to 2008.

**Figure 5 – Evolution of Commission’s funding to Lesotho by areas of cooperation (contracted amounts in M€)**



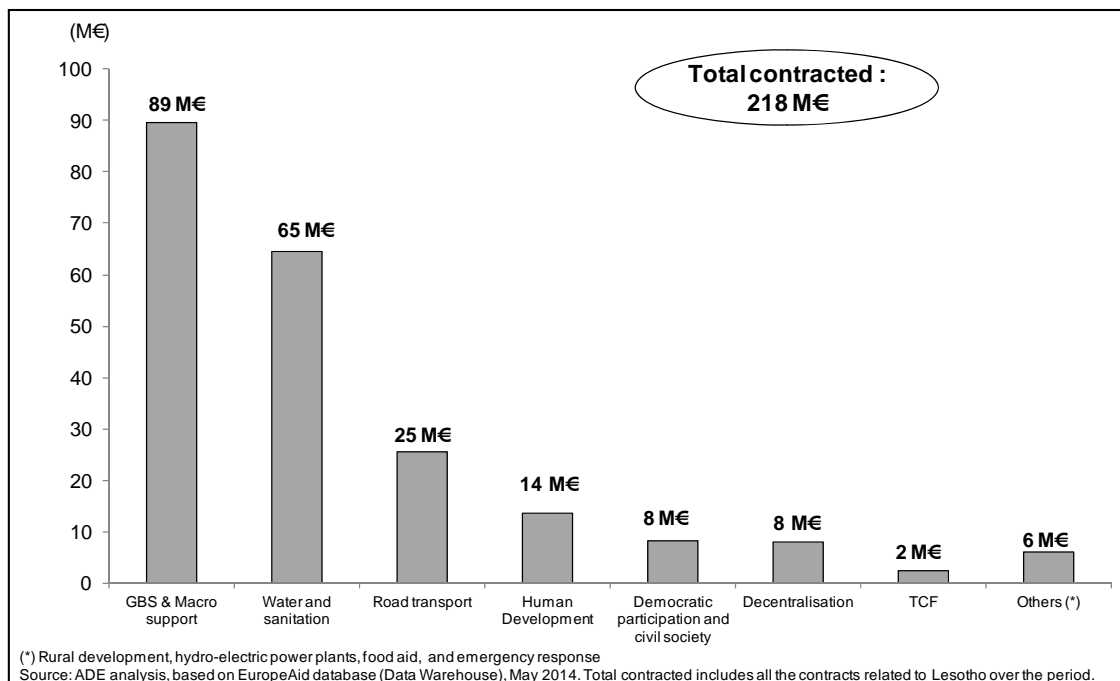
**Contracted amounts of EU support per sector varied significantly over the period.**

Total amounts contracted in water and sanitation for instance varied from 26 M€ in 2008, to less than 1 M€ in 2009 and 2010, around 7 M€ in 2011 and 2012, and finally reached 24 M€ in 2013. Significant changes in contracted amounts occurred also in general budget support and macro support (with a maximum of 48 M€ in 2010, and a minimum of 4 M€ in 2008). The road transport sector was supported in 2008 and 2010.

As highlighted in the Figure 6 below, over 80% of the EU cooperation went to three areas of cooperation: general budget support and macroeconomic support (41%), water and sanitation (30%), and road transport (11%)<sup>9</sup>. By contrast, human development, which is a focal sector under EDF 10, represented only 6.5% of contracted amounts over the evaluation period but this hides the fact that part of the support was converted into budget support at the tail end of the period.

<sup>9</sup> It is worth mentioning that in 2008, 26 M€ were contracted under the Road Transport and Infrastructure Programme (EDF 8), but this amount was decommitted the same year.

**Figure 6 – Contracted amounts in Lesotho (in M€) by areas of cooperation, 2008-2013**



### 3.3 Other donor interventions

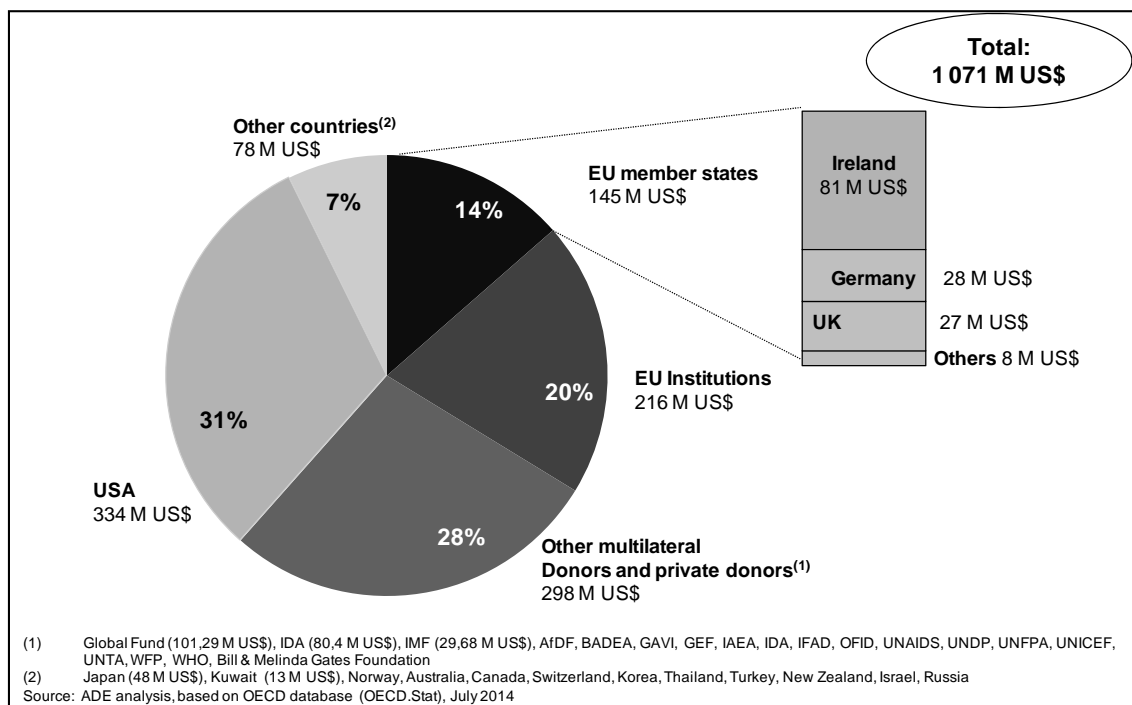
**The EU was just one of several donors in Lesotho over the evaluation period.** Figure 7 below presents the share of each donor among the total official development aid disbursements to Lesotho over the period 2008-2012<sup>10</sup>, which amounted to 1071M US\$ (in current prices)<sup>11</sup>. The combined support from the EU institutions and EU Member States totalled 33% (361 M US\$) of all donor aid, which is quasi equivalent to the support of the USA to Lesotho over the same period.

<sup>10</sup> Data for 2013 are not yet available.

<sup>11</sup> This section is based on OECD data. These data will be checked with GoL.



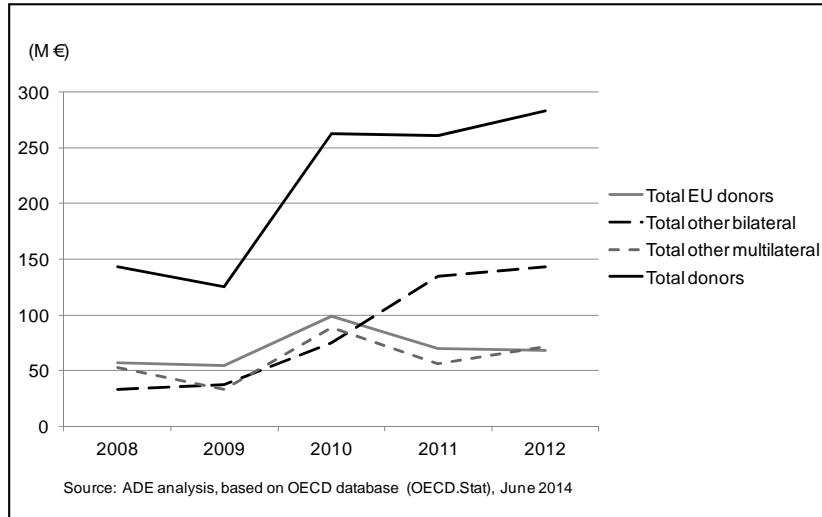
**Figure 7 – ODA disbursement to Lesotho 2008-2012, in current prices (M US\$)**



Among the EU Member States, Ireland maintained strong bilateral cooperation with Lesotho, with a total of 75 M US\$ disbursed over the period 2008-2012; following an external evaluation of its cooperation with Lesotho in 2013, the Irish Aid office closed down in 2014 and the Irish aid portfolio will be drastically reduced. DFID and GiZ are also active in the country, although, in 2014, only a German presence remains on the ground. Donors mainly intervene in social infrastructure and services, including water supply and sanitation, and education.

**On an annual basis, donor disbursements to Lesotho varied considerably over the period 2008-2012.** As the Figure 8 below shows, disbursements from other multilateral donors (dominated by the Global fund) saw a drop in years 2009 and 2011 combined with a significantly larger disbursement in 2010. EU disbursements (EU institutions and Member States) reflected a similar pattern but with a limited drop in 2009. During the same period, disbursements from bilateral donors (excluding EU member states) have registered a significant increase between 2009 and 2011 (a three hundred percent increase), and represent half of donors' disbursement in Lesotho in 2012. A full table of donor commitments per year is provided in Annex 3.

**Figure 8 – ODA disbursement to Lesotho per year (2008-2012), in constant prices (2012 M US\$)**



## Annex 4: Donor contributions to Lesotho 2008-2012 (M US\$)

### 4.1 ODA disbursements in constant prices (2012 M US\$)

Donor	EU Member State	2008	2009	2010	2011	2012	2008-2012	%
Ireland	x	17,88	15,98	15,45	14,75	11,23	<b>75,29</b>	<b>7,01%</b>
United Kingdom	x	7,6	8,88	5,14	1,86	4,96	<b>28,44</b>	<b>2,65%</b>
Germany	x	6,93	5,17	4,95	3,62	6,47	<b>27,14</b>	<b>2,53%</b>
Spain	x	1,37	9,03	0	0	0	<b>10,4</b>	<b>0,97%</b>
Cyprus	x	0,25	0,55	0,29	0,4	0,01	<b>1,5</b>	<b>0,14%</b>
Sweden	x	0,17	0,52	0,39	0,07	0,32	<b>1,47</b>	<b>0,14%</b>
Luxembourg	x	0	0,33	0	0,27	0,26	<b>0,86</b>	<b>0,08%</b>
Denmark	x	0	0,13	0,32	0,11	0	<b>0,56</b>	<b>0,05%</b>
Finland	x	0,07	0,12	0,08	0,06	0	<b>0,33</b>	<b>0,03%</b>
Greece	x	0,06	0	0	0	0	<b>0,06</b>	<b>0,01%</b>
Austria	x	0	0	0	0	0,04	<b>0,04</b>	<b>0,00%</b>
Czech Republic	x	0,02	0,01	0,01	0	0	<b>0,04</b>	<b>0,00%</b>
Belgium	x	0,01	0	0	0,01	0	<b>0,02</b>	<b>0,00%</b>
Italy	x	0,02	0	0	0	0	<b>0,02</b>	<b>0,00%</b>
France	x	-1,71	-1,48	-1,44	-1,43	-1,4	<b>-7,46</b>	<b>-0,69%</b>
United States		14,44	25,88	59,7	108,03	131,74	<b>339,79</b>	<b>31,62%</b>
Japan		16,16	2,85	9,46	20,03	3,23	<b>51,73</b>	<b>4,81%</b>
Kuwait (KFAED)		-0,75	4,18	2,72	2,34	4,43	<b>12,92</b>	<b>1,20%</b>
Norway		1,15	1,31	1,25	1,02	0,84	<b>5,57</b>	<b>0,52%</b>
Australia		0,81	0,98	0,73	1,34	1,14	<b>5</b>	<b>0,47%</b>
Canada		0,79	1,22	0,44	1,4	0,21	<b>4,06</b>	<b>0,38%</b>
Switzerland		0,61	0,64	0,7	0,49	0,88	<b>3,32</b>	<b>0,31%</b>
Korea		0	0,11	0,15	0,18	0,25	<b>0,69</b>	<b>0,06%</b>
Thailand		0,19	0,17	0,05	0,08	0,02	<b>0,51</b>	<b>0,05%</b>
Turkey		0	0	0,01	0,01	0,02	<b>0,04</b>	<b>0,00%</b>
New Zealand		0,02	0	0	0	0	<b>0,02</b>	<b>0,00%</b>
Israel		0	0	0,01	0	0	<b>0,01</b>	<b>0,00%</b>
Russia		0	0	0	0	0,01	<b>0,01</b>	<b>0,00%</b>
EU Institutions		24,16	15,32	73,91	50,04	46,46	<b>209,89</b>	<b>19,53%</b>
Global Fund		19,62	16,28	22,63	19,3	23,46	<b>101,29</b>	<b>9,43%</b>
IDA		20,46	11,81	35,45	16,23	-3,55	<b>80,4</b>	<b>7,48%</b>
IMF (Concessional Trust Funds)		-5,06	-6,23	4,59	1,74	34,64	<b>29,68</b>	<b>2,76%</b>
Other multilateral donors		18,03	11,17	25,67	18,88	17,28	<b>91,03</b>	<b>8,47%</b>
<b>Total EU Member States</b>		<b>32,67</b>	<b>39,24</b>	<b>25,19</b>	<b>19,72</b>	<b>21,89</b>	<b>138,71</b>	<b>12,91%</b>
<b>Total EU Member States + European Institutions</b>		<b>56,83</b>	<b>54,56</b>	<b>99,10</b>	<b>69,76</b>	<b>68,35</b>	<b>348,60</b>	<b>32,44%</b>
<b>Total all donors</b>		<b>143,30</b>	<b>124,93</b>	<b>262,66</b>	<b>260,83</b>	<b>282,95</b>	<b>1.074,67</b>	<b>100,00%</b>

Source: ADE analysis, based on OECD.Stat (data extracted on 20 June 2014)

## 4.2 ODA disbursements in current prices (M US\$)

Donor	EU Member State	2008	2009	2010	2011	2012	2008-2012	%
Ireland	x	20,91	17,35	15,71	15,85	11,23	<b>81,05</b>	<b>7,57%</b>
Germany	x	7,41	5,4	4,97	3,86	6,47	<b>28,11</b>	<b>2,62%</b>
United Kingdom	x	7,91	8,16	4,82	1,85	4,96	<b>27,7</b>	<b>2,59%</b>
Spain	x	1,53	9,77	0	0	0	<b>11,3</b>	<b>1,05%</b>
Cyprus	x	0,25	0,52	0,28	0,41	0,01	<b>1,47</b>	<b>0,14%</b>
Sweden	x	0,16	0,45	0,36	0,07	0,32	<b>1,36</b>	<b>0,13%</b>
Luxembourg	x	0	0,31	0	0,28	0,26	<b>0,85</b>	<b>0,08%</b>
Denmark	x	0	0,13	0,32	0,12	0	<b>0,57</b>	<b>0,05%</b>
Finland	x	0,07	0,12	0,08	0,06	0	<b>0,33</b>	<b>0,03%</b>
Greece	x	0,06	0	0	0	0	<b>0,06</b>	<b>0,01%</b>
Austria	x	0	0	0	0	0,04	<b>0,04</b>	<b>0,00%</b>
Czech Republic	x	0,02	0,01	0,01	0	0	<b>0,04</b>	<b>0,00%</b>
Belgium	x	0,01	0	0	0,01	0	<b>0,02</b>	<b>0,00%</b>
Italy	x	0,02	0	0	0	0	<b>0,02</b>	<b>0,00%</b>
France	x	-1,83	-1,54	-1,44	-1,52	-1,4	<b>-7,73</b>	<b>-0,72%</b>
United States		13,65	24,65	57,54	106,17	131,74	<b>333,75</b>	<b>31,15%</b>
Japan		13,16	2,56	8,84	20,23	3,23	<b>48,02</b>	<b>4,48%</b>
Kuwait (KFAED)		-0,74	3,99	2,62	2,4	4,43	<b>12,7</b>	<b>1,19%</b>
Norway		1,06	1,04	1,1	1,03	0,84	<b>5,07</b>	<b>0,47%</b>
Australia		0,59	0,68	0,63	1,34	1,14	<b>4,38</b>	<b>0,41%</b>
Canada		0,7	0,99	0,41	1,39	0,21	<b>3,7</b>	<b>0,35%</b>
Switzerland		0,52	0,55	0,63	0,52	0,88	<b>3,1</b>	<b>0,29%</b>
Korea		0	0,09	0,14	0,18	0,25	<b>0,66</b>	<b>0,06%</b>
Thailand		0,19	0,16	0,05	0,08	0,02	<b>0,5</b>	<b>0,05%</b>
Turkey		0	0	0,01	0,01	0,02	<b>0,04</b>	<b>0,00%</b>
New Zealand		0,02	0	0	0	0	<b>0,02</b>	<b>0,00%</b>
Israel		0	0	0,01	0	0	<b>0,01</b>	<b>0,00%</b>
Russia		0	0	0	0	0,01	<b>0,01</b>	<b>0,00%</b>
EU Institutions		25,99	16,06	74,29	53,43	46,46	<b>216,23</b>	<b>20,18%</b>
Global Fund		19,29	15,52	21,79	19,77	23,46	<b>99,83</b>	<b>9,32%</b>
IDA		20,12	11,26	34,13	16,63	-3,55	<b>78,59</b>	<b>7,34%</b>
IMF (Concessional Trust Funds)		-4,98	-5,94	4,42	1,78	34,64	<b>29,92</b>	<b>2,79%</b>
Other multilateral donors		17,71	10,63	24,71	19,32	17,28	<b>89,65</b>	<b>8,37%</b>
Total EU MS		36,5	40,68	25,11	20,99	21,89	145,19	14%
Total EU Member States + European Institutions		62,5	56,74	99,40	74,42	68,35	361,42	34%
<b>Total all donors</b>		<b>143,8</b>	<b>122,92</b>	<b>256,43</b>	<b>265,27</b>	<b>282,95</b>	<b>1.071,3</b>	<b>100%</b>

Source: ADE analysis, based on OECD.Stat (data extracted on 24 July 2014)

## Annex 5: Information collected by Evaluation Question and Judgment criterion

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**EQ1 on rationale**

**To what extent has the EU's involvement in Lesotho been appropriate considering the EU's policies, priorities and comparative advantages and Lesotho's context and performance?**

**Justification and scope of the EQ**

This EQ aims to assess the rationale for the EU's involvement in Lesotho in the wider context of Lesotho's characteristics, the different instruments/policies available to the EU (and thus going beyond the traditional technical and financial development cooperation into the diplomatic, political and trade relationships in particular), the track record of EU's involvement in Lesotho and the donor landscape in Lesotho. In particular, it will seek to verify whether one of the three main implicit assumptions underlying the choice of engagement was correct, i.e. that Lesotho's challenges can be addressed through a focus on development cooperation, rather than on trade, political or other forms of cooperation. The two other main implicit assumptions relating (i) to the focalisation of EU engagement on country level cooperation rather than on a regional approach and (ii) the appropriateness within the cooperation programme of focusing on two sectors and GBS to leverage change in Lesotho, will be looked at under EQ2 and EQ3 respectively.

EQ1 relates to all levels of the intervention logic but concerns more particularly the strategic positioning of the EU and the impact the EU has had. The question is closely complementary to EQ2 and EQ3 and will, in many ways, draw upon the assessments realised under the other EQ.

The scope of the question covers:

- (i) the rationale of EU intervention in Lesotho and the extent to which EU engagement with Lesotho has involved exploring not only the development cooperation option but also other engagement options (JC 1.1)
- (ii) the extent to which other EU policies have been coherent, complementary and coordinated with EU cooperation in Lesotho (JC 1.2)
- (iii) the extent to which coordination between EU, GoL, NSA and other donors has taken place and has improved effectiveness and efficiency of interventions by improving complementarity of activities and coverage of support (JC 1.3), and
- (iv) the type of and extent to which the EU has provided value added for the MS and for the GoL (JC 1.4).

The EQ, by questioning the relevance of EU's engagement in Lesotho, its forms and evolution, will provide lessons for the strategic direction of EU wide cooperation in the future, notably with regards to the complementary use of the EU's different policy instruments, and even potentially the amounts of EDF allocations to Lesotho.

**Level of analysis**

Relevance, value added and 3Cs

Project name

Preliminary Judgment criteria and indicators

**JC 1.1 Choices of strategic direction for EU cooperation with Lesotho have been appropriate and evidence based**

General

- In programming documents for 10th EDF there is a correct identification of Lesotho's domestic situation although incorrect appreciation of SACU's future
- until 2014 alleged attempted coup (and even now?) Lesotho holds little geopolitical interest for the EU
- development of Lesotho linked to textile/trade not cooperation: missed opportunities for EU
- no reassessment of Lesotho's situation except at programming time and even then.. thus no questioning of relevance
- no combined Lesotho-South Africa approach

**I 1.1.1**

**EU analysed the nature of Lesotho's challenges and monitored their evolution**

The EU's cooperation agenda with Lesotho is determined to a great extent by the EU's perception and understanding of the country's socio-economic profile. From the 10<sup>th</sup> EDF programming document, the following features stood out in 2008 and most of them still stood in 2013 when the 11<sup>th</sup> EDF was programmed:

- Lesotho is a low income country with a limited and fragile resource base: its size, localisation and limited export potential increase its economic

vulnerability and constrain its development prospects;

- the Government of Lesotho does not have the technical and managerial expertise to lead private sector development (PSD); small business growth is expected to pass mainly through the export market;
- the largest threat to Lesotho's development and social wellbeing is the escalating HIV/AIDS pandemic and the poor, even declining, social outcomes;
- Lesotho benefits from a sound macroeconomic and fiscal policy and performance, low external debt and positive fiscal and external balances; but,
- Lesotho was expected to lose its SACU revenues due to changing regional and international trade arrangements whilst its linkages with South Africa were expected to become increasingly strong; this has not materialised during the period;
- Civil society, non state actors, including community based organisations (CBOs), and decentralised administration are important in providing better service delivery.

Furthermore, interviews have revealed that the geo-political importance of Lesotho for the EU was and remained extremely limited:

- Lesotho is a small, peaceful country of two million people which holds no geopolitical interest for the EU; and,
- in the absence of any domestic, regional or other crisis, Lesotho was not considered a priority country for the EU. Expressions such as 'Lesotho didn't attract much attention', 'Lesotho is not a crisis country', 'Lesotho is a forgotten country' etc. come back almost systematically when talking to EU staff (both EEAS and DEVCO)

#### **Other donors' perception and their engagement**

Other donors widely share the EU's perception of Lesotho<sup>1</sup> although Irish Aid has recently stressed the inability of GoL to initiate public action and to respond to donors' concerns, which has been an important explanatory factor in the closing down of its office in Lesotho in 2014. Engagement of other donors in Lesotho is characterised by:

- The very limited number of traditional development partners: since the end of the apartheid regime in South Africa, traditional donors have lost interest in Lesotho, have relocated to Pretoria (except the EU) and have reduced their aid portfolio.
- Trade cooperation has been a major feature of relationships with the USA with notably the huge impact of the AGOA agreements on Lesotho's economy.
- South Africa remains the most important business, trade and cooperation partner of Lesotho.

The dwindling number of other donors and of the aid portfolio seems also to have played a role in the EU's engagement with Lesotho: *'we stay because everybody else has left'*. The conclusions of the MTR of the 10<sup>th</sup> CSP confirm this when justifying retaining support to decentralisation: *'It is proposed to maintain support to decentralization at the specific request of the Government of Lesotho and the Delegation, although this means a heavy portfolio in the non-focal sectors. Due to the limited number of resident donors, and the overall limited amount of donor financial co-operation in Lesotho, the large number of sectors in the NIP compensates for gaps in funding for key priority issues of the Lesotho interim National Development Framework. There are no prospects for other donors to*

<sup>1</sup> So far, only limited information has been gained directly from donors as few donors are active in Lesotho and most of them are based in South Africa. Information has been gathered mainly from country reports (IMF, World Bank) and meetings with the two member states present in Lesotho (Irish Aid and German Consulate) as well as the recently completed evaluation of Irish Aid in Lesotho.

	<p><i>significantly address needs in these sectors?</i></p> <p><i>Sources: MN98, MN 45, MN30, MN51, MN21, MN86, MN08, MN09, MN10, MN01, MN02. CSP 10<sup>th</sup> EDF, MTR conclusions 10<sup>th</sup> EDF.</i></p>
	<p>Lesotho's economy changed, over the past 25 years, from an extremely high dependence upon the inflow of workers' remittances from migrants employed in South Africa, to an economy driven by the development of domestic activity based on textile, services and the export of water resources, and more recently, diamonds. This transformation was brought about mainly by the effect of trade agreements with the USA, not by development cooperation.</p> <p>In this respect the EU's approach appears to have been very different. Lesotho is eligible to benefit from the EU's global Everything But Arms (EBA) initiative giving it full duty free and quota-free access to the EU for all its exports with the exception of arms and armaments. The Economic Partnership Agreements (EPA) were supposed to be negotiated by end 2007 to promote trade between the EU and the Southern African Development Community (SADC) and help the region integrating into the world economy and share the opportunities offered by globalisation. However, they have only very recently been concluded: 'On 15 July 2014 the EPA negotiations were successfully concluded in South Africa. This ended ten years of negotiations and produced an Agreement which should replace the interim EPA signed by the EU and by Botswana, Lesotho, Mozambique and Swaziland in June 2009'<sup>2</sup>. Even though Lesotho thus benefited from favourable trade agreements with the EU (in particular the EBA and Aid for Trade initiatives), the extent to which the EU has focussed on development cooperation, rather than on country-specific trade and other cooperation modalities is of interest in the context of this evaluation. This includes the extent to which the EU has taken or missed opportunities to support Lesotho's drivers for sustained and equitable growth through the different means at its disposal (trade, economic partnerships and promotion of FDI, political dialogue, policy dialogue, financial and technical development cooperation).</p>
	<p>In the routine documents to be provided by the EU DEL to HQ during implementation, no documents were found that require a reporting on the general socio-political economic situation in Lesotho. The general situation is assessed every five years during the programming exercise, and again, to some extent, during the MT review. However, during the MTR, the relevance of existing choices of cooperation are not questioned, it is rather the relevance of choices within development cooperation that is tested against developments.</p> <p>The closest that comes to a regular monitoring of Lesotho's situation is done through the JAR but this is very much focused on the verification of the BS eligibility criteria, ie on the macro-eco stability situation, the PFM reform implementation and progress in implementing the national development strategy. As such there is thus no evidence that the EU formally monitors general developments which could alert to a shift in Lesotho's structural and conjectural challenges. Without this kind of formal monitoring, there is little scope for questioning the continued relevance of the EU's engagement as a whole (the continued relevance of projects /interventions are theoretically picked up through the ROM reporting).</p> <p><i>Source: EAMR, MTR, CSP, JAR.</i></p>
	<p>There is a lot of potential in the country (homogenous nation, natural resources (water and energy), cheap labour) but serious constraint due to health. WB presentation: it all comes down to health. If you take it from the point of view of MLT objectives, you need to look at HIV/AIDS which has reached 2<sup>nd</sup> ranking. Now looking into how many HIV/positive mothers have access to preventive</p>

<sup>2</sup> See EU website for the latest update; the status with regards to Namibia that negotiated the 2007 agreement but never signed it, remains unclear.



	<p>medicine. 'But we are too late. We have not been able to get Lesotho to drop that ranking. Not aware of any cooperation with SAfr. Our greatest weaknesses is to not have created a combined Lesotho-SAfr regional approach.'</p> <p>MN80</p>
Social Protection/HIV/Resilience and natural resource management	<p>The EU adequately identified support to vulnerable groups, which were to become Social Protection, as a key need in Lesotho. However it failed to measure enough the need for prevention measures, being in HIV/Aids or in DRR. ECHO funded projects addressing climate change mitigation, natural resource management which have been later identified as core factors for resilience. However development funding would have been needed to make results sustainable. While the EU saw water as an important challenge (which finds some linkages today with FAO watershed management programs), a more comprehensive approach on environment may have been more adequate to tackle the country intertwined challenges.</p> <p>Source: NZ</p>
	<p>The closure of ALAFA, despite the best efforts of the EUD, and despite the assurances given to the former EU Ambassador and other stakeholders that the GoL would continue funding it, indicates the comparatively weak negotiating position of the EU when engaging with a government that does not prioritize service provision to its population, even in such a crucial area as HIV/AIDS treatment and care.</p>
<b>I 1.1.2</b>	<b>The choice of EU engagement responses derived from a (documented) exploration of alternative response options</b>
Legal context of EU cooperation	<p>The EU's policy framework with regards to development cooperation, is as follows:</p> <ul style="list-style-type: none"> <li>• Legal context: the Lomé Convention of 1975 and subsequent Treaty Establishing the European Community and the ACP-EU Partnership Agreement, signed in Cotonou on 23 June 2000 and revised in Luxemburg on 25 June 2005.</li> <li>• General EU policy framework: <ul style="list-style-type: none"> <li>○ the European Consensus on Development (2005), which emphasizes human rights and good governance as important objectives of EU cooperation,</li> <li>○ the EU Strategy for Africa (December 2005), which further provides a long-term, strategic framework for interaction between Europe and Africa at all levels, including with pan-African institutions such as the African Union, regional organisations and national authorities, and defines how the EU can best support Africa's own efforts to promote sustainable development and reach the Millennium Development Goals (MDG), and</li> <li>○ the Agenda for Change (2011), which promotes the focusing of EU assistance on the two priority areas of human rights, democracy and other key elements of good governance, and on inclusive and sustainable growth for human development. It targets (i) social protection, health, education and jobs, (ii) the business environment, regional integration and world markets, and (iii) sustainable agriculture and energy.</li> </ul> </li> </ul> <p>Another legal aspect of EU cooperation of particular importance to Lesotho is that whilst Lesotho benefits from EDF funding both for country and regional support, and benefits from the EBA trade agreement, South Africa has a stand-alone South Africa – EU TDCA and has no access to regional EDF support. This hinders the funding of EU regional initiatives that would benefit both Lesotho and South Africa.</p> <p>Sources: EU website for the legal documents.</p>

		<p>There is no evidence amongst the consulted documents and from interviews held that the EU has explored any options of cooperation with Lesotho outside the financial and technical cooperation. Trade cooperation has been extremely limited and the assessment of the 2004 MTR evaluation still stands: <i>'The CSP, and more particularly the NIP, does not demonstrate a clear paradigm change following the signing of the Cotonou Agreement. For example, the CSP/NIP have not demonstrated programmes that are coherent with the trade pillar of Cotonou. While the unique geo-politics of Lesotho is recognised in the CSP and, in particular, the dependence on the economic motor and supply chains of South Africa, this have not been translated into proactive policies to support the export competitiveness of Lesotho. (...) There is very little explicit integration of the Regional Indicative Programme into the CSP and very few regional initiatives with activity in Lesotho has been funded. This lack of activity may reflect the lack of engagement by the GoL in regional economic activities; but there is a lack of emphasis in the CSP which is not consistent with Cotonou and the pending negotiation on EPAs'</i></p> <p>This is despite the 10<sup>th</sup> EDF CSP which recognised the importance of the regional perspective. In terms of external trade and regional integration, the CSP anticipated that SACU and CMA would be superseded by wider regional grouping such as the SADC Regional Indicative Strategic Development Plan (RISDP) which aims for the establishment of a Free Trade Area by 2008, a Customs Union by 2010, a Common Market by 2015 and a Monetary Union by 2016 – and that regional and international trade arrangements would lead Lesotho to lose its SACU revenues. In this area, the CSP also recognized the limited value of the EU's EBA for Lesotho as well as its poor prospects under the forthcoming EPA and the need for Lesotho to strengthen its negotiation position faced with membership of the Trade, Development &amp; Co-operation Agreement (EU-RSA). The CSP presented a future of increasingly strong linkages between Lesotho and South-Africa: <i>'The countries have shared resources, some joint facilities and the free movement of goods, services and people, together with common membership of SADC, SACU and the CMA. The trend is towards closer economic cooperation.'</i> (page 13 of the CSP).</p> <p>Sources: MTR, CSP</p>
		<p>For the 11<sup>th</sup> EDF there has been consultation but the report doesn't seem to be available – The DEU has no idea where the choices of focal sectors came from, the NAO believes that the energy sector was not included in the GoL choices.</p> <p>MN44, MN5</p>
Social /CGP	Protection	<p>Documented alternatives in the course of the project of the CGP exist. However, documented alternatives concerning the involvement in the CGP compared to other type of assistance may be missing.</p> <p>It is also noticeable that given the relationship prevailing between donors and NGOs, NGOs may be risk averse to propose projects that are presumed not to be in the direction of EU funding (as writing a project proposal requests considerable work). Therefore there may not be documents (or rejected project proposal) sustaining this assumption but it is transmitted through bilateral dialogue.</p> <p>Source: NZ</p>
<b>I 1.1.3</b>		<p><b>The choice of EU engagement responses (development cooperation, trade, diplomacy, political, security) was based on proven or likely success in addressing the challenges</b></p>
		<p>There is no evidence to support this in the CSPs. The only mention made to proven success is at the sector level (EU was successful in water thus providing an argument to stay in the sector).</p> <p>Sources: CSP 9<sup>th</sup> and 10<sup>th</sup> EDF</p>
CGP		<p>Social Protection had already a solid base in Lesotho and policy instruments addressing vulnerable population. It was also a growing theme in the region. Therefore, taking also the partnership with UNICEF which was competent in delivering on its commitments, and based on the signed agreement with</p>

	<p>government of Lesotho, there were already good stepping stones for success.</p> <p>Source: NZ</p>
<b>I 1.1.4</b>	<b>The rationale for EU's involvement in Lesotho is clearly stated in programming documents and is understood by stakeholders</b>
	<p>Programming documents do not give explanations about the engagement rationale.</p> <p><i>Sources consulted: CSP, MTR, ETR.</i></p>
	<p>At the technical level of meetings held with GoL staff, there was no possibility to discuss this aspect.</p>
	<p>It appeared in several interviews that partners are rather fearing a possible pull out of the EU which would have catastrophic effect on investments to date especially in the Social Protection sector. This is in the light of donors attraction to more visible emergencies or incomfort in funding middle economies. While this approach may be pushing the government for more accountability and less dependency, it also has an unsettling effect on partners and their capacity to build sustainable results. Thus efforts in communicating EU rationale for engagement to all stakeholders may still be needed.</p> <p>Source: NZ</p>
<b>I 1.1.5</b>	<b>A political and policy dialogue took place over the period and was strengthened after 2010 with the creation of the EEAS</b>
	<p>Confirmed during the field visit: the EAMR repeatedly note the Delegation's wish to have a political analyst present in the Delegation but nothing happens.</p> <p><i>Sources: EAMR various years.</i></p>
	<p>Diplomatic, political and security cooperation could have been given more prominence after the creation of the European External Action Service (EEAS) and the change of status of the EU Delegations in 2010 but preliminary evidence again does not point towards a greater role of the EU after this change of status in Lesotho. Partly this may be explained by the dual status of the delegation and its Ambassador who, until 2014, had to cover both Swaziland and Lesotho; it must also be noted that the Lesotho Delegation does not have a political advisor and a press information advisor, both roles being assumed by the Delegate assisted by Aidco staff. More fundamentally, however, Lesotho is not perceived by the EU to be a crisis country or requiring special treatment: diplomatic, political and security interests in the country are limited and the cooperation is mainly focussed on technical and financial development cooperation. The perception of Lesotho as a 'non priority' country by the EU, the 'inertia' and responsiveness of the Basotho public administration, the perceived lack of Government interest in donor cooperation alluded to by the Irish Aid evaluation report (see above) and confirmed by interviews, the relative importance of donor funding compared to SACU receipts, are factors that might explain a certain lack of active political engagement between the EU and Lesotho. However, according to the EUD's own pamphlet 'The EU and the Kingdom of Lesotho: working together' of May 2013, '<i>Increasingly political relations, trade, human rights and security sector issues are becoming the focus of attention</i>'.</p>
General	<p>A forum was held in April 2014 where all political parties endorsed a number of recommendations made to the Lesotho coalition Government on reforms to the public service, parliamentary processes, coalition formation and operation. A delegation from Lesotho then went to New Zealand (organised again by the Commonwealth advisory team) and consensus was reached on some more recommendations:</p> <ul style="list-style-type: none"> <li>- <u>Establishing an independent public service</u>: 'There is now a widespread consensus amongst all political parties, civil society and the public service that the Lesotho public service should be reshaped as an independent, non-politicised, professional service delivering the policies set by Ministers and approved by Cabinet. It has also been accepted that processes should be enhanced so that Principal Secretaries are more accountable to their</li> </ul>

Ministers and that Parliament should be further enhanced to hold both Ministers and Principal Secretaries accountable through its various procedures'. The study tour give insights as to how to operate this transition to a non politicised civil service. It will require political leadership and will encounter lots of resistance from people benefiting from this patronage. Specific recommendations were made for immediate follow-up but they do not seem to have been implemented (due to the attempted alleged coup d'état?)

- Repositioning Parliament for a Mixed Member Proportional environment: In 1999 the political parties which had contested the 1998 election unanimously agreed to adopt an MMP electoral system. The idea was to promote inclusiveness and to guard against domination by a single party. MMP was first used in Lesotho's 2002 election. In the 1998 election, 80 members were elected by simple majority vote. The May 2012 elections resulted in Lesotho's first coalition government. Today the eighth National Assembly (House of Representatives) has 120 members who are elected for a five-year term: 80 members are elected from single-member constituencies by simple majority vote, and 40 members are elected from nationwide party lists. In order to achieve overall proportional representation, party list seats are allocated in accordance with the number of constituency seats won by each party and the total number of votes obtained by each party.

- Forming and sustaining successful coalitions: agreement of willing parties to join their elected numbers to form a majority, in return for the ability to lead and influence government policies and programmes in the direction favoured by their political philosophy and policies. Coalition negotiations are then made after elections and before the government is formed (the government formation process). 'Those who have led successful coalitions agree that the most important contributors to the success are the relationships amongst the parties, the existence of trust, and respect for each other.'

- Procedures for government formation after an election: The dawn of coalition politics caught Lesotho unprepared in 2012 when the electorate did not give any one party a clear majority to form a government. This lack of preparedness together with a constitutional requirement that parliament be recalled within two weeks of Election Day resulted in a rushed coalition formation process. 'While the public expectation of a coalition government was underdeveloped, it nevertheless expected a new approach to government and a change from the practices of patronage and advantage. The public intuitively knew that a coalition government was going to be different and somehow expected it to perform better than a one party government. Most of all, the public expected an end to what it saw as corruption, and expected earnest work to begin on addressing the perennial issues of concern to voters like health, poverty and employment.

When the public saw the results of the current coalition agreement it likened the approach to victors sharing the spoils of war rather than as a blue print for the transformational change it was expecting. During the extensive consultations the Commonwealth team had with various stakeholders in the scoping phase of its work, individuals further described this 'sharing of spoils' as the territorialisation of government. The focus on political appointments and the absence of a detailed focus on policy gave rise to cynicism that the coalition would not respond to the expectations that voters had for Lesotho's first coalition government.'

Background: When the Kingdom of Lesotho adopted the MMP system of government it did not undertake a parallel process to reform its governance system. For as long as it produced one party government this did not matter. However with the dawn of coalition politics the inadequacies of the current system have become apparent. The recommendations contained in this report are focused on the four areas we consider urgent: establishing an independent public service, reforming parliamentary procedures, forming and sustaining successful coalitions and procedures for government formation.

	<p><i>Source: Prasad report, July 2014.</i></p> <p>Problem of infrequency of dialogue: political dialogue once a year. The infrequency of the political dialogue doesn't allow for the cooperation dialogue to reach a level where the EU is heard and if there is no money to put on the table, then the donor is not listened to. In addition in the past the political dialogue was just 2 monologues.</p> <p>December 2015: Preparation of the Cotonou Article 4 dialogue with 15MS coming to Maseru. Art IV: 'To this end, under the conditions laid down in this Agreement, non-State actors, ACP national parliaments and local decentralised authorities, shall, where appropriate:</p> <ul style="list-style-type: none"> <li>- be informed and involved in consultation on cooperation policies and strategies, on priorities for cooperation especially in areas that concern or directly affect them, and on the political dialogue;</li> <li>- (...)'</li> </ul> <p>Political dialogue with MS ambassadors and DEU and some ministers, main opposition leaders, church, NGO/civil society, PM, the King. The infrequency of the political dialogue doesn't allow for the cooperation dialogue to reach a level where you are sufficiently heard.</p> <p><i>Source: MN83, MN 44, Cotonou Agreement Art 4.</i></p>																											
<b>I 1.1.6</b>	<b>Lesotho required external financial assistance to progress towards achievement of MDGs</b>																											
SP	<p>Social Protection systems are contributors to the MDGs. In its 2012 policy brief on the affordability of Social Protection in Africa, the World Bank recognizes the importance to provide external support from donors as a way to introduce reforms and test approaches. In Lesotho particularly, there has been a need to strengthen the institutional and technical capacity of the MOSD in order to sustain the benefits of programs such as the OVC CGP over the long term (ROM1921426p11). The government has seen several transitions and reorganizations, for example with the emergence of MOSD from previous Ministry of Health and Social Welfare (ROM1921426p11) which also justified support to consolidate the ownership and capacity in the new structures.</p>																											
	<p>As shown also in EQ6, GoL's fiscal situation has been extremely favourable until 2009/10 thanks to large SACU revenues which enabled an important accumulation of Government savings:</p> <table border="1"> <thead> <tr> <th>in percent of GDP</th> <th>2005/06</th> <th>2006/07</th> <th>2007/08</th> <th>2008/09</th> <th>2009/10</th> <th>2010/11</th> <th>2011/12</th> <th>2012/13</th> </tr> </thead> <tbody> <tr> <td>Surplus/déficit before grants</td> <td>1.9</td> <td>11.5</td> <td>6.6</td> <td>3.1</td> <td>-5.17</td> <td>-16.8</td> <td>-17.1</td> <td></td> </tr> <tr> <td>Surplus/déficit after grants</td> <td>2.8</td> <td>12.4</td> <td>8.7</td> <td>4.5</td> <td>-0.1</td> <td>-8.5</td> <td>-8.3</td> <td></td> </tr> </tbody> </table> <p>Sources: Central Bank of Lesotho Annual Report 2008, 2013</p> <p>It is only after 2009/10 that external support was required to help Lesotho reducing its fiscal deficit. However the extent to which expenditure in the priority MDG sectors was able to be maintained could not be ascertained. It can however be noted that a recurring problem in Lesotho has been the lack of absorption capacity as witnessed by low execution rates of the investment budget. On the other hand, Lesotho's public sector totally dominates the economy and thus any cutting down on public expenditure (which represented 59.7% of GDP in 2011/12) directly impacts on economic performance and social wellbeing.</p> <p><i>Source: CBL, IMF.</i></p>	in percent of GDP	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Surplus/déficit before grants	1.9	11.5	6.6	3.1	-5.17	-16.8	-17.1		Surplus/déficit after grants	2.8	12.4	8.7	4.5	-0.1	-8.5	-8.3	
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<b>I 1.1.7</b>	<b>Views of stakeholders on the appropriateness of the type and scope of EU engagement with Lesotho (9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EDF)</b>																											
	<p>The potential of EU support to Lesotho's rapprochement with SA was generally thought to be best left aside:</p> <ul style="list-style-type: none"> <li>- the relationships between SA and Lesotho are very asymmetrical and it is difficult to 'get it right'</li> <li>- difficult to bring two parties together when they clearly don't want to</li> </ul>																											

	<ul style="list-style-type: none"> <li>- the situation is political and cannot be addressed through programmes, If Lesotho is not addressing the problem, then the EU should not address it.</li> <li>- no capacities in the DEL (very few staff and no political staff)</li> </ul> <p><i>Sources: MN50, MN15</i></p>
SP	<p>Support from the EU through UNICEF as technical partner for implementation of social protection has been very helpful in organising capacity development and supporting the Ministry. However support for the EU in addressing the consequences of HIV/AIDS was much greater but UNICEF, once selected, focused the programme on children and hence the Child Grants Programme.</p> <p><i>Meeting note 104</i></p>
NSA	<p>Preparation of the DDNSP Programme included careful analysis and consultation with the main stakeholders involved in decentralization in Lesotho. The Identification Report notes <i>"There have been four major supporters of decentralisation, each of which offers valuable insights which has informed this identification report"</i> These are Germany (GTZ) World bank UNDP / UNCDF and the EU itself. Programme identification entailed close consultations with each of these stakeholders. <i>DDNSP Identification Report, Contract EuropeAid/119860/C/SV/multi, dated 20<sup>th</sup> December 2009, doc 100720 Pages 24 to 27.</i></p> <p>This finding was further evidenced through the fieldwork, and in particular the EUs selection process for NSA to be funded under DDNSP, including the evaluation of bids received in response to the call for proposals.</p>
	<p>As far as budget support is concerned, many partners including NGOs, humanitarian agencies like OCHA and UNICEF, WFP are not fully aware of the support provided and its conditionalities. Synergies in strengthening government accountability is thus being missed, especially addressing the allocations on the basic public services delivery.</p> <p>Source: NZ</p>
<b>JC 1.2 EU policies have been coherent, complementary and coordinated with EU cooperation in Lesotho</b>	
<b>I 1.2.1</b>	<b>EU trade and environment policies took account of the objectives of development cooperation in Lesotho and have been supportive of them</b>
	<p>There is evidence that EU's trade policy did not take account of the objectives of development cooperation in Lesotho in the sense that the trade agreements passed with Lesotho do not appear to have taken proper account of Lesotho's very particular situation, esp. with regards to its geographical position of being an enclave in South Africa. Establishing one type of trade agreement with South Africa and another with Lesotho has not worked in practice since most of Lesotho's trade passes through South Africa and Lesotho's best interests are therefore not protected. The more favourable terms of the EBA are not profiting to Lesotho because of its peculiar geographical position.</p>
	<p>Trade is totally independent from anything else. EU is not able to make a comprehensive trade and development package: we are trying to do that with EPA. For the future: we are just on a train that goes fw. Now we are trying to do new things with BS and blending.</p> <p>Source: MN80</p>
	<p>The Impact of South Africa of signing the EPA with EU on the SACU revenues has not been analysed.</p> <p>MN84</p>
	<p>Not much has been done besides ECHO support in addressing policies regarding rangeland management and other aspects of natural resource management.</p> <p>Source: NZ</p>

<b>I 1.2.2</b>	<b>Frequent exchanges between Aidco directorates (DEU, geographical desks, thematic desks, ECHO, regional desks) and EEAS services took place</b>
	No evidence of this as yet. On the contrary the fact that the delegation suffers from the absence of a political advisor in-country is documented repeatedly in each EAMR.
<b>I 1.2.3</b>	<b>Interventions financed under the EDF and specific budget lines have been complementary to and coordinated with funding under the EIB and ECHO</b>
SP	OPM evaluation report p vi reports that as an emergency response to the poor harvest, a Food Emergency Grant was disbursed to CGP beneficiaries in 2012-2013 in addition to the CGP grant which showed a positive triggering of the CGP to address the crisis.
	An opportunity has not been seized to complement ECHO support in cash for assets interventions in order to pilot productive safety nets and ensure better sustainability of impact by linking development funding.
<b>I 1.2.4</b>	<b>Evidence of a common political and cooperation dialogue with the GoL and of political concerns shaping cooperation programmes</b>
General	As mentioned above, Lesotho is not considered to be a priority country in terms of EU's political interests.
General context	The changes in the political context since the coalition government took over in June 2012, have affected the cooperation relationships between GoL and at least one of the EU MS still present in Lesotho. The slowing down of public decision making and thus of public action and initiatives has notably affected Irish Aid cooperation which has recently decided (2014) to close its representative office in Lesotho. The inability of the Government to react to the concerns highlighted in the Evaluation of the Irish Aid Lesotho Country Strategy 2008-2012 (December 2013) has strongly influenced this donor's decision to downscale its operations and close its representative bureau in the country. As underlined in the Irish Aid evaluation report: <i>'The 2008-2012 sought to move the relationship between Ireland and Lesotho to a new level . This CSP was a "make or break" CSP fundamental to the inter-Governmental relationship and was intended to have a major impact. (...) The CSP sought a "whole of government approach" in order to address issues of capacity, structure, absorption, and inertia that were affecting implementation across sectors. As the evaluation report highlights the envisaged change in approach and level of engagement did not materialize in any significant way and the 2008-2012 period has seen the continuation of the "business as usual" approach.'</i> (page 40 of the evaluation report).
	BS has a political dialogue in the context of the Cotonou Art IV. This year it is done in 2 days with a 1.5 hour slot in the schedule for the 15 heads of mission. Due to the lack of staff in DEU, there is no real political dialogue so the BS opens the door to such a dialogue; outside that the EU believes it does not have the opportunity. The dialogue is through the experts in the projects and the EU can have its opinions channelled through there. At the highest level the Ambassador can talk. With the BS the SACU is making a shadow on that (BS not important enough).  The more general dialogue between donors and the GoL seems quite disjointed: There is no lead: the coordination is done by the UN but it is in the wrong place. The EU was exploring whether it can blow life into the donor coordination but not enough resources  Source: MN80
<b>JC 1.3 EU's engagement was coordinated with and complementary to that of other donors</b>	
Context	Southern Africa Customs Union (SACU) revenues represented more than 50% of Lesotho's total public revenues over the period under study, except in 2010/11 and 2011/2012 when custom receipts were hit by the economic slowdown in the region (and particularly in South Africa, the main source of custom revenues in the sub-region). The weight of SACU's revenues in public resources raises two

	<p>considerations for this evaluation.</p> <p>Firstly, it underlines the crucial importance of Lesotho's regional linkages, especially to South Africa, which effectively provides 60% of Lesotho's public revenues (through SACU receipts and water royalties). South Africa is thus to all intents and purposes Lesotho's largest donor since SACU transfers exceed by far what Lesotho would receive based on its own customs revenues.</p> <p>Secondly it also puts into perspective the importance which 'other' donors have in Lesotho's political and policy landscape when measuring the financial weight of 'other' donor aid in fiscal and macroeconomic terms. ODA increased from US\$ 143 million in 2008 to US\$ 283 million in 2012, but the number of donors decreased over the period. Reliable data for current ODA has not yet been collected but indications from the balance of payments data show that grants represented at best one tenth of SACU revenues between 2003/04 and 2009/10 and remained lower than SACU revenues in 2010/11 when SACU revenues dropped and ODA increased dramatically to assist Lesotho to face the international crisis. The USA, EU and IDA (WB) and the Global Fund (for Aids, Tuberculosis and Malaria – GFATM) were the main donors over the period (the EU's financial development cooperation programme has represented an average of 11% of SACU revenues over the period 2008-2013); smaller donors, and notably European Member States, have gradually reduced their operations in Lesotho and closed their representation in the country (GiZ, DFID, Irish Aid). Non traditional donors, such as Kuwait, Turkey, and the Bill &amp; Melinda Gates Foundation, have started or restarted operations in Lesotho since 2009. China is operating in Lesotho but is not very forthcoming about its intentions. South Africa is also active, but has significant domestic priorities as well as issues related to security, migration and water resources that may influence its development agenda.</p>
	<p><b>Other donors' perception and their engagement</b></p> <p>Other donors widely share the EU's perception of Lesotho<sup>3</sup> although Irish Aid has recently stressed the inability of GoL to initiate public action and to respond to donors' concerns, which has been an important explanatory factor in the closing down of its office in Lesotho in 2014. Engagement of other donors in Lesotho is characterised by:</p> <ul style="list-style-type: none"> <li>• The very limited number of traditional development partners: since the end of the apartheid regime in South Africa, traditional donors have lost interest in Lesotho, have relocated to Pretoria (except the EU) and have reduced their aid portfolio.</li> <li>• Trade cooperation has been a major feature of relationships with the USA with notably the huge impact of the AGOA agreements on Lesotho's economy.</li> <li>• South Africa remains the most important business, trade and cooperation partner of Lesotho.</li> </ul> <p>The dwindling number of other donors and of the aid portfolio seems also to have played a role in the EU's engagement with Lesotho: <i>'we stay because everybody else has left'</i>. The conclusions of the MTR of the 10<sup>th</sup> CSP confirm this when justifying retaining support to decentralisation: <i>'It is proposed to maintain support to decentralization at the specific request of the Government of Lesotho and the Delegation, although this means a heavy portfolio in the non-focal sectors. Due to the limited number of resident donors, and the overall limited amount of donor financial co-operation in Lesotho, the large number of sectors in the NIP compensates for gaps in funding for key priority issues of the Lesotho interim National Development Framework. There are no prospects for other donors to</i></p>

<sup>3</sup> So far, only limited information has been gained directly from donors as few donors are active in Lesotho and most of them are based in South Africa. Information has been gathered mainly from country reports (IMF, World Bank) and meetings with the two member states present in Lesotho (Irish Aid and German Consulate) as well as the recently completed evaluation of Irish Aid in Lesotho.



	<p><i>significantly address needs in these sectors?</i></p> <p>Coordination amongst donors has declined over the past few years. On BS, the EU is still engaged heavily in BS in the water and now also the climate change but the WB is willing to move out of BS and is going to try and address civil service reform through a project.</p> <p><i>Sources:</i> MN98, MN86, MN30, MN51, MN02, MN45, MN423, MN49, MN53, MN62, MN74, MN80</p>
CGP	<p>Following the launch of the Social Protection Strategy, it is being felt notably by WFP that there is more than ever a need be to have formal coordination with EU, WB, FAO, UNICEF and WFP. Because of the upcoming and regular change of government, it is felts that a coordination mechanism outside the government on the social protection is needed. Nobody has been proactive prior to the WB appearance in setting up a social protection coordination mechanism such as a forum, nor was it an instance coordinated by the ministry of social. It is also felt that the UN needs to bring up the NGOs for assistance community to speak with one voice. As an example, although WFP has so far we agreed that for DRR they could use NISSA, there are expecting a formal coordination meeting to talk about the matter As from January 2015, the WB will have a social protection expat, it is proposed that EU could facilitate the coordination. The EU budgetary support should be given with some conditions, in a way to improve coordination.</p> <p>Source MN 403</p>
	<p>Whilst not strictly a donor, GIZ is implementing in parallel the support for decentralization through its own project DRDP. This was structured to be complementary. However reservations were expressed regarding the EU's use of UNDP as Implementing Partner for the decentralization component of DDNSA. UNDP does not have a clear mandate; does not have sufficient engagement is no well integrated. The money [intended for use at lower level] is still not there.</p> <p>In addition concern was expressed that GIZ funds channelled through EU for ALAFA has been inadequate <i>"the quality of EU reports has been extremely poor. This year's report is the same as last year's report. They have not been on that side of the table!"</i></p> <p>Neither GIZ nor the EU appear to have recognised the impact of the World Bank's earlier withdrawal from decentralization in Lesotho with respect to the loss of expertise in fiscal decentralization.</p> <p><i>Meeting Note 101</i></p>
HIV/Aids	<p>On the HIV/Aids front, the EU has been complementary to some extent as it invested more on its social implications that on the mere ARV treatment. However it missed out the potential for prevention.</p>
ECHO	<p>During WFP emergency response in 2012, ECHO funds for cash programming was combined with other donors in-kind supply. However this didn't result from a coordinated effort, rather from the great effort put by humanitarian agencies to try to meet their emergency budget needs the best they could.</p> <p>Source: NZ</p>
<b>I 1.3.1</b>	<b>Modalities of GoL, NSA and donor coordination and consultation at programming stage</b>
Overall	<p>Various EAMR, the European Development Partners in Lesotho (EDAL), comprising the EC Delegation, DfID, Irish Aid and the GTZ (German cooperation is phasing by 2014), remained the most active and effective aid Coordination forum in Lesotho.</p> <p><i>Sources:</i> EAMR 01/2008-12/2008, p.6; EAMR 01/2009-12/2009, p.5; EAMR 01/2013-12/2013, p.18.</p>

	<p>The EAMR of 2010 stated that the Delegation was also member of the Development Partners Consultative Forum (DPCF). The DPCF consolidates joint statements of donors on crucial overarching issues on development policy implementation in Lesotho for follow-up discussions with the Ministry of Finance and Development Planning. The work of this forum had been affected by a lack of optimal cooperation with Government interlocutors. <i>Source: EAMR 01/2010-12/2010, p.6.</i></p> <p>According to the EAMR of 2013, the GoL has launched a new partnership policy in which the Government will assume a leading role. This was expected to lead to a reform of the coordination mechanism with meetings chaired by the GoL. <i>Source: EAMR 01/2013-12/2013, p.18.</i></p> <p>The EAMR of 2010 indicated that the dominance of representatives of United Nations agencies blunts somewhat the efficiency of the co-ordination process. <i>Source: EAMR 01/2010-12/2010, p.6.</i></p> <p>The EAMR of 2008 highlighted that the understaffing in NAO's office and in the Delegation hampered the coordination, follow-up and monitoring of the cooperation programme. <i>Source: EAMR 01/2008-12/2008, p.6.</i></p> <p>The EAMR of 2013 stated that the nature of the development environment in Lesotho made it very easy to come to ad hoc arrangements regarding coordination and cooperation. <i>Source: EAMR 01/2013-12/2013, p.9.</i></p> <p>The EAMR of 2013 provided indications about general coordination between EU and International organizations operating in Lesotho, which is considered as positive. The cooperation worked well with UNDP and UNICEF. Coordination with WB, in the context of GBS, functioned well but challenges sometimes arise from the fact that the programmes are managed from Pretoria and/or Washington. EU is also coordinated with WB in the context of the social development policy. Finally, working relations with the EIB were well developed, and several discussions on the potential for cooperation had taken place. <i>Source: EAMR 01/2013-12/2013, p.9.</i></p>
Overall / Water Sector	<p>The EAMR of 2008 stated that the PIF for the 10<sup>th</sup> EDF Water Sector Policy Support Programme was approved and accepted by the ISQSG, and that donor and sector coordination considerably improved. <i>Source: EAMR 01/2008-12/2008, p.3.</i></p> <p>The EAMR of 2009 stated that Water Sector coordination considerably improved. <i>Source: EAMR 01/2009-12/2009, p.2.</i></p>
	<p>Problem in Lesotho is GoL's consideration of how different sectors might work together: where are the potential multipliers between the water/energy and the agriculture for example.</p> <p>In general in Lesotho very poor coordination amongst ministries. Here the political patronage in civil service appointments is very visible. <i>Source: MN83</i></p>
Overall / GBS	<p>The EAMR of 2008 indicated that the experience with preparing the General Budget Support Programme had been positive with a high level of cooperation with Government and donor partners. <i>Source: EAMR 01/2008-12/2008, p.5.</i></p>
SP	<p>In the Social Protection Sector, Lesotho benefits from a range of schemes listed in the WB Lesotho Safety net report 2013 table 27 p120-121. Many of these schemes such as the Old Age Pension, the School Feeding Program or the Public Assistance are financed by the government (sometimes with external technical</p>

	<p>support). The CGP evolved from a mostly donor-funded to a government owned program by 2013 offering an adequate division of labor whereby UNICEF provides technical support and World Vision International oversees the field level implementation.</p> <p>Engagement of the World Bank in Social Protection in Lesotho kicked in 2013-2014 around issues of financial sustainability and cost-efficiency. The WB has not been a direct contributor to Social Protection projects in Lesotho as per the list of projects presented in its website <a href="http://www.worldbank.org/en/country/lesotho/projects/all?qterm=&amp;srt=boardapprovaldate">http://www.worldbank.org/en/country/lesotho/projects/all?qterm=&amp;srt=boardapprovaldate</a>. With the limited presence of donors in Lesotho, the EU has been one of the most significant external contributor to the sector.</p>
EDF11	The ADB's interventions in energy have not been discussed with the EU.
	<p>Donor coordination is mostly about the sharing of information, experiences and reviewing of positions. Donors and Govt. ideally have monthly meetings to share the info, make comments. The Chinese are never invited in these meetings. The CDPF with UNDP secretariat: they are the ones organising the donors (just for donors) and occasionally invites Govt.</p> <p>MN49</p>
CGP	<p>Discussion on programming for the Social Protection Strategy Implementation, NISSA and subsequent CGP have really taken form in 2014 with implication of WB and the government, where by costing simulations are being run to help decision making in the best package options.</p> <p>Each evaluation was also a support leading to a discussion on redesigning the project. The most recent ones being the NSPS costing simulation and NISSA review.</p> <p>The set up of a steering committee for the CGP enabled strengthened coordination over the course of the program.</p> <p><i>Source: NSPS costing, NISSA review</i></p>
<b>I 1.3.2</b>	Division of labour (sector/geography/theme) amongst donors
Overall	<p>According to the EAMR of 2009 and 2010, the poor quality of output from the NAO office had resulted in the Delegation being obliged to perform the bulk of the work, without an equal division of labour. This applied to project formulation, monitoring and processing of payments (as well as contract oversight) of existing EC funded projects/programmes.</p> <p><i>Source: EAMR 01/2009-12/2009, p.4; EAMR 01/2010-12/2010, p.6.</i></p> <p>The EAMR of 2010 recalled that only one member state was represented in Maseru (Ireland), which limited the scope for division of labour and calling on resources from embassies of MS.</p> <p><i>Source: EAMR 01/2010-12/2010, p.5.</i></p>
Overall/ Transport Infrastructure	<p>According to the EAMR of 2008, the road Transport Infrastructure programme contributed to the Integrated Transport project, financed and administrated by the WB.</p> <p><i>Source: EAMR 01/2008-12/2008, p.15.</i></p>
NSA	<p>There is good evidence of this in terms of programming of decentralization support. As noted in the identification stage of DDNSP in 2009 "Finally...there is still scope for taking the harmonisation and alignment agenda even further. The existing division of development partners' support to into three areas is in the long term not an appropriate aid delivery modality. Currently support for NSAs as agents for improving accountability, governance and service delivery at local level is mainly taking place in the 'LGNSP districts' (the three northern districts as per design), with very limited support in the others. Conversely on UNDP/UNCDF is focussing on a local development fund local governments that has qualitatively different procedures from the modality used by LGNSP to provided funding (e.g. calls for application), whereas GTZ is not providing any such funding. To avoid fragmentation, proliferation of donor-specific imposed procedures and to avoid inter-district funding distortions, there clearly is a need to increase the level of</p>

		<p>ambitions among the development partners. Hence is it suggested that future support to the decentralisation process should promote a harmonised and non-distortive allocation mechanism for financing part of the councils development needs”</p> <p><i>DDNSP Identification Report, Contract EuropeAid/119860/C/SV/multi, dated 20<sup>th</sup> December 2009, doc 100720 Pages 24 to 27.</i></p> <p>The evidence from the field mission suggests that closer engagement between the EUD and GIZ is desirable, indeed essential, to iron out GIZ concerns, especially as UNDP, the EU’s implementing partner, has faced evident difficulties building the confidence of GIZ as a key stakeholder.</p> <p><i>MN101</i></p>
General presence	donor	<p>Irish have left July 2014. Germany here but thinking about closing GiZ. Austria has some action here. Cyprus funded some schools. France doing some cultural activities.</p> <p>EU is the only European donor really. There are 22 MS present in Pretoria and 19 are accredited in Lesotho. DEU Lesotho keeps them informed (no competition)</p> <p>December 2015: Preparation of the Cotonou Article 4 dialogue with 15MS coming to Maseru. Art IV: ‘To this end, under the conditions laid down in this Agreement, non-State actors, ACP national parliaments and local decentralised authorities, shall, where appropriate:</p> <ul style="list-style-type: none"> <li>- be informed and involved in consultation on cooperation policies and strategies, on priorities for cooperation especially in areas that concern or directly affect them, and on the political dialogue;</li> <li>- (...).</li> </ul> <p>Political dialogue with MS ambassadors and DEU and some ministers, main opposition leaders, church, NGO/civil society, PM, the King. The infrequency of the political dialogue doesn’t allow for the cooperation dialogue to reach a level where you are sufficiently heard.</p> <p><i>Source: MN83, MN 44, Cotonou Agreement Art 4.</i></p>
CGP		<p>WB is now looking at what could be supported; FAO thinks nutrition and safety net areas could be strengthened by WB because the EU has not invested in it so far. So bringing complementarity with WB.</p> <p>Source :MN 402</p>
		<p>The EU has not been proactive to engage into possible division of labor on the HIV front, besides not engaging in the ARV treatment.</p> <p>Source: NZ</p>
<b>I 1.3.3</b>		<b>Role of the EU in coordination of donors and promotion of complementarities</b>
Overall / NSA		<p>The EAMR of 2009 indicated that workshops were organised, open to all interested NSAs, to explain the Calls for Proposals that were published. Also, an exchange session was organised between the four projects implemented by NGOs through budget lines, in order to foster synergies and complementarities between them.</p> <p><i>Source: EAMR 01/2009-12/2009, p.5.</i></p>
		<p>The EAMR of 2009 stated that the Delegation was an active member of the Development Partners Consultative Forum (DPFC), and that the work of this Forum had become more profound, visible and structured. This had resulted in more regular meetings supported by a technical working group, of which the Delegation was also a member.</p> <p><i>Source: EAMR 01/2009-12/2009, p.5.</i></p>

Overall / Transport Infrastructure	<p>According to the EAMR of 2008 and 2009, WB was the lead in the transport sector. <i>Source: EAMR 01/2008-12/2008, p.6; EAMR 01/2009-12/2009, p.16.</i></p> <p>The EAMR of 2009 indicated that WB provided considerable in-house expertise during its missions in particular. <i>Source: EAMR 01/2009-12/2009, p.16.</i></p> <p>The EAMR of 2009 and 2010 indicated that there was an agreement between AfDB, Delegation and WB in the policy dialogue with GoL, in particular concerning the roads fund and the Roads Directorate. AfDB missions regularly came to see the Delegation during missions for exchange of views and information. <i>Sources: EAMR 01/2009-12/2009, p.16; EAMR 01/2010-12/2010, pp.17-18.</i></p>
Water and sanitation	<p>According to the EAMR of 2008, EC is acknowledged lead donor in the Water and sanitation sector. The document also indicated that coordination in the sector improved considerably in 2008, with regular bimonthly Water sector Coordination meetings being called by the Commissioner of Water. Furthermore, it stressed that a concerted effort of Irish Embassy, EC Delegation, WB and MCC to push for higher quality in the sector legislative reform was successful. <i>Source: EAMR 01/2008-12/2008, p.6.</i></p>
	<p>There is a general lack of donor coordination in Lesotho which has been neither helped nor solutioned by the EU, except in the water sectors where coordination in the sector has been improved due to EU SBS. Illustrative of the lack of coordination is the UN where the One UN concept is not applied and the different UN agencies fight each other for funds instead of cooperating with each other.</p>
CGP	<p>The WB has been in Lesotho since 2012, and as a result of UNICEF advocacy did a review of safety nets in 2013 which was a milestone adding on what the EU has invested in. UNICEF then agreed to support the social protection strategy together with WB complementarily to EU investments (EU focusing on the CGP and WB on other social safety nets). Source MN 401</p>
	<p>EU could have been more proactive engaging existing and potential donors such as SDC or Japan. Most efforts were placed in ensuring that the government would take over the program, which may have been shortsighted given the unlikeliness for Lesotho to be able to meet its commitments without any kind of external support. Source: NZ</p>
<b>JC 1.4 The EU cooperation provided value added to Lesotho's development</b>	
SP	<p>The simulations for the 2014 Social Protection Strategy are promising in terms of poverty reduction. The stage of maturity in which Lesotho is engaging in Social Protection wouldn't have been reached without the sustained investment from the EU in this sector through the CGP.</p> <p>ECHO funding during time of emergency also made a significant difference in addressing the needs of food insecure populations and showed good practices in DRR/Resilience/sustainable natural resource management, although the lack of complementarity between EU funding instruments (ECHO and DEVCO) limited much of the sustainability of results.</p> <p>On addressing the HIV/Aids epidemics, the EU did not exert such an influence as it could have been expected. While treatment was already the focus of other donors support, the EU could have invested more or at least strategically mainstream in its other forms of support, strong prevention component. That would have had an even more significant impact on Lesotho's development, addressing some of the root cause of vulnerability.</p> <p>On the basic service supply side and accountability to the population, the EU has been insufficiently engaged. One may consider donors value in regards of their</p>

	<p>financial investment but as well on their advocacy and partnership skills. While not financing some sectors or subsectors, the EU could have been more vocal, especially given its budget support component, on Lesotho accountability on public services.</p> <p>EU and ECHO knowledge on slow onset disasters and cash programming could have brought them in more exploration of alternatives especially in meeting the immediate needs while addressing structural challenges (as for example in education).</p>
<b>I 1.4.1</b>	<b>Programming documents explicitly refer to the Commission's comparative advantage to justify EU involvement in Lesotho</b>
CGP	<p>It is rather assumed that EU being one of the main donors in Lesotho and ECHO for resilience/food security, that partners may find it implicit that the EU has comparative advantage. It was nevertheless not directly expressed by the EU in the programming documents provided for the CGP.</p> <p>Source: NZ</p>
<b>I 1.4.2</b>	<b>Nature and extent of EU's comparative advantages according to Lesotho's interested parties and to evaluations of EU cooperation</b>
	<p>EU has predictability, helps for Govt planning; presence here it helps a lot for monitoring projects and following up: things need to happen and we need to see some progress. NAO for the monitoring of the projects: have quarterly meetings or monthly progress meetings it enables us to identify problems early. Anticipate in the projects and service contacts. Monitoring on implementation versus planning. No monitoring on impact.</p> <p>However, in terms of programming, the EU is limited to what its staff can do.</p> <p>Source: MN44</p>
	<p>From interviews, very little knowledge of useful products of EU cooperation: training has been provided but no longer in service, tools have been developed but are not used, systems have been funded but are not sustainable and do not respond to requirements. A bleak picture overall but no bleaker than for other donors.</p>
<b>Information sources</b>	
<p>Programming documents (CSP/NIP 10<sup>th</sup> and 11<sup>th</sup> EDF)</p> <p>Other financing instruments scoping documents</p> <p>Evaluations (CSP, programmes, projects)</p> <p>EAMR</p> <p>Statistical data on EDF allocations</p> <p>Comparative studies on Lesotho and other ACP country characteristics</p> <p>Interviews with stakeholders</p>	
<b>Analytical methods</b>	
<p>Historical analysis</p> <p>Documentary analysis</p> <p>Exploitation of interviews</p>	

**EQ2 on Regional Leverage**

**Could a stronger regional approach provide the EU with greater leverage for sustainable development change in Lesotho and if so, to what extent?**

**Justification and scope of the EQ**

As seen in the analysis of EU's engagement rationale, the EU's choice of engagement with Lesotho has mainly been through country level development cooperation, not through regional cooperation. One of the assumptions that implicitly underlies such a choice is that development change in Lesotho is best addressed through country engagement, rather than regional engagement or other forms of engagement (through regional institutions, pan African initiatives, multilateral support for example). In Lesotho, a small inland country, surrounded by and dependent upon South Africa, such an underlying assumption requires to be strongly questioned. Indeed, for Lesotho, the importance of regional integration and of its links with South Africa cannot be over-stated. Both countries are members of SADC, SACU and the CMA. Lesotho's fiscal and trade policy is heavily influenced by its SADC and SACU membership, whilst monetary policy reflects its currency peg to the South African Rand within the CMA. However, there are significant formal and informal barriers to closer integration in the region and in particular with South Africa. Politically this is sensitive, and the closure of virtually all foreign embassies in Lesotho, a trend that started with the ending of South Africa's apartheid era, has exacerbated a sense of isolation in Lesotho. Indeed at the time of the inception visit, the main border crossing between Maseru and South Africa was closed due to informal action by South African taxi-drivers, with a resulting back-log of vehicles, notably lorries, highlighting the fragility of trade access.

Given these challenges, strengthening regional cooperation should be a particular feature of EU support to Lesotho. However, there are several constraints, including a stalled SADC integration agenda and suggestions by South Africa to significantly change the SACU revenue pool to a development fund. Both these agendas are dependent on political processes in South Africa over which Lesotho (and EU assistance) has had little control. Another constraint is that the primary instruments available to the EU for regional initiatives for Lesotho and South Africa differ, as do the trading arrangements. Lesotho is an ACP country with access to the regional EDF funds and EBA, whereas South Africa is not and has a stand alone SA-EU TDCA and should thus pay its own way into any regional programmes (or use its Development Cooperation Instrument allocation to participate). This EQ will question the validity of this constraint and investigate whether alternative approaches could and should have been used. Other challenges of regional integration concern Lesotho's ability to ensure its voice is heard in SADC. Whether EU support for SADC has been sufficient for effective participation from Lesotho will also be explored in this EQ. In addition the relationship between Lesotho and SACU will be explored: Lesotho has been a net beneficiary of SACU revenues, and the EQ will explore the extent to which the EU has supported Lesotho's engagement with and participation in SACU, within the threatening context of a changing revenue pool. Finally, to close the loop, this EQ will look beyond the legal constraints of EU cooperation instruments to investigate the possibilities of leverage from within the wider Southern African region to stimulate development change in Lesotho.

Based on these considerations, the scope of the EQ is as follows:

- (i) the extent to which the EU has tried to use the region as an engine for Lesotho's development and the reasons for blockage or success (JC 2.1)
- (ii) the extent to which the EU sought to and succeeded in furthering the integration of Lesotho in the region and the effectiveness of the tools deployed for this (JC 2.2),
- (iii) Lesotho's participation in regional institutions and the EU's efforts to reinforce this (JC 2.3),
- (iv) EU's efforts to adapt regional programmes to the constraints and needs of smaller states such as Lesotho and provide tailor-made support (JC 2.4), and,
- (v) The effectiveness of EU's engagement with South Africa in terms of including Lesotho's needs (JC 2.5) and involving South Africa in regional programmes (JC 2.6).

Level	
<p>This is a strategic question that looks at the relevance of EU's engagement with regards to Lesotho's very particular development challenges which cannot be addressed sustainably without considering Lesotho's regional dependency. The effectiveness of the EU support at national and regional level in terms of Lesotho's regional integration will be analysed. The analysis spans the intervention logic from inputs to outcomes.</p>	
Project name	Preliminary Judgment criteria and indicators
JC 2.1 The EU has investigated and exploited the possibilities of using the region as a vector for Lesotho's sustained development	
NZ Summary	<p>On various initiatives, the EU has neglected to create linkages with its own regional instruments or other initiatives at regional level in which they could have had a proactive role in advocacy or lessons learnt. For example Lesotho has not been so far integrated in the urban vulnerability study supported by the EU, neither did they address HIV/Aids or DRR in an integrated regional perspective including Lesotho. Social protection as a theme and subject of regional cross-learning could have been promoted by the EU outside Lesotho borders. Recently a workshop in Cape Town (nov 2014) was organized on the linkages between agriculture and social protection. There is no evidence that the EU has facilitated regional learning on the matter in the region. Despite the strong support by ECHO to CaLP (cash learning partnership), good practice on CGP and social protection support doesn't seem to have been put forward at regional but also within EU and especially not with the cash community of practice or EU cash focal points in the HQ. A regional perspective on the use of cash transfers in the region in support to social protection would nevertheless be a strong model for less developed regions of Africa especially West Africa where ECHO invests heavily.</p> <p>Regarding Lesotho relationship with South Africa and especially the questions on migrant vulnerability, HIV/Aids drivers and basic service provision, the EU could have taken more initiative in engaging in a bilateral dialogue and piloting specific responses in border towns notably. Given the recent attempt from SA to qualify as a humanitarian donors through in-kind support during Lesotho food security emergency, some co-funding options could have been explored. Finally, SADC has been absent in the social protection and integration debate and its effectiveness may be questionable but it is also of EU interest to bring up regional challenges to this institution and identify possible areas of strengthening.</p>
I 2.1.1	The EU analysed the possibilities of using regional engagement to improve Lesotho's medium/long term development prospects
	<p>The evaluation has not found any documentary evidence of this as yet. MTRs make recommendations as to the more frequent meeting between various Delegations, but no evidence has been found to suggest that regular contact promoted the region as a catalyst for Lesotho's development.</p>
	<p>The EU strategy is out lined as supporting GoL in its strategy towards economic development through trade. Short term experts were to be provided in order to strengthen Lesotho's engagement in regional processes. (Euro 1.2 million was earmarked) Specifically it was earmarked for the implementation of the EPA, however the EPA was only signed in 2014, which resulted in the EU redirecting those funds to private sector development as it formed a key priority within the National Development Plan.</p> <p><i>Source CSP 2008-2013</i></p>
	<p>The regional component was examined during the writing of the NIP, but the GoL did not express any interest in pursuing any regional or South Africa-Lesotho bilateral programmes under the NIP.</p> <p>The DEU recognises the importance of the South Africa bilateral relationship: the only advantage the EU has in Lesotho is to work in the area of trade where EU has the opportunity of the EPA/SADC agreement (support to negotiations</p>



	<p>has been given). Lesotho needs to diversify its economy and cannot be developed without SAfr. The other ACP countries are not affected by whether or not Lesotho develops. There is no indication that SAfr would like to be seen like an ACP country. They are more of a donor than a recipient.</p> <p>Triangular development: SAfr should take into account concessions. SAFR power pool for example: energy or water. If SAfr wants to develop its industry it could do that also in Lesotho and in return SAfr would get secure supply of water and energy and they would get stability in the region.</p> <p>Border controls are imposed by SAfr on Lesotho. You cannot develop Lesotho independently. The only independence they have is natural resources. So any grassroots young enterprises will make a little change in a small community but it's not going to drive the economic transformation.</p> <p>If the regional anchor is so important why does the DEU not look at it? The region is outside the DEU's remit, it can only come through direct discussions between the GoL and the HQ in Bx.</p> <p>EU have one programme of infrastructure for Southern Africa: €100m funded under the 10th EDF to leverage loans: implemented by the DBZA (Devt Bank of South Afr). Half the allocation is dedicated for regional projects. Main proposals are in the power area: transmission lines and grids devt in the region. Infrastructure funds for Africa under EDF with link ith EIB has existed for a long time. ZA has no access to this so this new programme is to complement this infrastructure programme for Africa.</p> <p>South Africa doesn't need to export, it has got a huge internal untapped market which Lesotho could also take advantage of.</p> <p>In fact the other donors (AfDB, Irish, WB, USAID) have a similar approach to the EU: they have little in terms of regional programmes.</p> <p><i>Source: MN80, MN49, MN53, MN62, MN04, MN467</i></p>
<b>I.2.1.2</b>	<b>Existing constraints to the use of pan-african, regional and sub-regional engagement in Lesotho</b>
	The constraints include South Africa's separate trade and cooperation agreement to that of Lesotho and the other SACU and SADC states.
	The split within SADC between MS signing EPAs within SADC or COMESA or the EAC complicated the regional context, making it more difficult for a regional approach to Lesotho's development. This has created confusion and deteriorating relationship between ACP states and the EU.
	A institutional constraint in that the EU Delegation in Botswana is responsible for the regional approach, not the Lesotho Delegation, which logically focuses on the national engagement.
	There was also a definite defensive approach from Lesotho shortly after South Africa's transition to democracy as it feared complete dominance from its neighbour. Following this cue, the EU opted to focus on the national despite Cotonou frameworks that called for regional approaches. <i>MN423</i>
<b>I.2.1.3</b>	<b>EU's attempts to overcome these constraints and results of these initiatives</b>
	The EU tried to overcome constraints created by the EPA negotiating configurations by applying similar approaches across the various sets of negotiations. This however, was an even greater stumbling block within the context of overcoming the differences between South Africa and the rest of the ACP grouping.
	Within the NAO's office, very little is done on the regional programme. There

	<p>are no structures for the cooperation with the regional office. Lesotho does not benefit because it cannot cooperate with South Africa. This point has been made to Bx and the NAO has been assured that this would be considered, but no news since.</p> <p>The GoL considers regional integration to be important – interaction with SACU and SADC. Not specifically trying to approach SA or SADC for the NIP even though it would be good. Lesotho doesn't tap into the regional programmes because it lacks information.</p> <p>RTFP: regional programme: offices of the NAO support for EPA negotiating.</p> <p>Source: MN44</p>
	<p>Considering the constraint of the financing instruments and the fact that Lesotho has nothing to offer to South Africa, it would be very difficult to get South Africa to pay for regional/bilateral programmes out of its NIP funds. It would also be a lot of extra work for the DEU to program and implement these cross-border initiatives. Any regional programme with South Africa would require an amendment of Art 3 of the Cotonou Agreement.</p> <p>A possibility would simply be to redirect Lesotho's share of the regional programme to its national NIP so Lesotho at least wouldn't lose out on financial allocations.</p> <p>In the LT the issues of the different instruments have to be solved but whereas in theory it should not be a problem, in practice the TDCI is a budget for ZA whereas the EDF is a intergovernmental fund. This issue has to be solved so ZA and the region could cooperate a bit more easily.</p> <p>In the various cooperation agreement with ZA there is always an amount set aside for regional cooperation. We have the regional programme and ZA could contribute to this with their own regional envelope. They have used it but it has not been used for bilateral, it has been used for regional under SADC. There will be no call for bilateral projects because funds under SADC are negotiated with the countries (regional level). You could set aside in the NIP a part of this for common bilateral projects. We just have to respect the general framework that each NIP has (it would have to be in the NIP of each country). In ZA the areas of the NIP are: Employment creation, education, skills development and innovation, building a capable state etc.. Any bilateral programmes with Lesotho-ZA could go under 'building a capable state' (good legal system, capacity support to the school of government, efficient administration). Regional cooperation would integrate border crossing issues and also immigration &amp; HIV/AIDS health issues.</p> <p>MN29, MN04</p>
<b>I 2.1.4</b>	<b>EU was an active actor in negotiating closer relationships between Lesotho and its regional neighbours (research of common grounds and interests)</b>
	<p>The EU specifically focused on the national Lesotho agenda, taking its cue from Lesotho post South Africa's independence. The EU Delegation in Lesotho left the regional agenda to the EU Delegation in Botswana.</p>
	<p>Closing the gap between South Africa and Lesotho in terms of economic development would require political persuasion. Lesotho needs better infrastructural connectivity (ideally it would need a trade corridor which is protected from ZA interference) and a more developed industrial base.</p> <p>The fact that 95% of Lesotho's trade goes through ZA is actually more cost-effective for Lesotho as otherwise Lesotho would have to carry the administrative burden of the trade. If the EU recognised the difference between</p>

	<p>the 2 countries, it could make a financing instrument available for just that. Lesotho used to have the joint bilateral cooperation compact: had 2 wings: the political and economic and the eco was supposed to facilitate cross border trade etc. and political looked at freedom of movement of people. This compact still exists in a very weak way – in the Ministry of Foreign Affairs. For a long time the political wing was advancing more than the economic one because SAfr was not necessarily interested. This is not regional but bilateral. The bilateral needs to be sorted out before the regional.</p> <p>Under SACU SAfr has initiated a process to identify areas of collaboration: started to talk about areas to lead to industrialisation of Lesotho but the process is stalled (under Ministry of Trade and Industry in Lesotho and SAfr). Under SACU there is a provision for regional policies and one of them is the industrial policy. At the start of the process (trying to define the policy) we already identified operations at bilateral level; the first draft of the paper for potential areas was produced by SAfr and started discussion with SAfr in 2012. This has not really taken off. The EU could come into this. This initiative was facilitated by SACU office.</p> <p><i>MN26</i></p>
	Based on discussions with The South African Ministry of Foreign Affairs, there may be opportunities for the EU to take a more granular approach to engaging with the South African Authorities, given that many responsibilities rest with provincial and not national government, especially in relation to issues of security (theft of livestock) border transit times etc.
	There was no specific approach by the EU Delegation in South Africa to initiate programmes with Lesotho.
<b>JC 2.2 The EU has promoted Lesotho's regional integration with a view to enhance development change</b>	
<b>I 2.2.1</b>	<b>EU role in the design and implementation of projects and programmes that benefitted both Lesotho and its regional neighbours</b>
	New programmes now being implemented from EU Delegation in Botswana, although they would have to be considered as falling outside of the evaluation period. Evaluation will have to seek out what thinking preceded the design of these new programmes. Any lessons from Lesotho exerting influence?
Urban vulnerability	The EC is supporting UNHABITAT on the urban sector (not in Lesotho), Lesotho should be considered for extension, it has huge urban group and nobody is supporting it. Many urban areas are in the border with SA and are seeing exploitation and vulnerability of women and girls. A risk mapping would be very important. Source: MN 409
Resilience	Lesotho, Malawi are chronic emergencies which in many respect are no more emergency response case caused by identifiable hazards. That requests the bridge between humanitarian and development, the whole resilience approach. The EU and development actors do not acknowledge sufficiently the chronicity of the emergencies.. In line with ECHO position now, much of sudden African is dealing with chronic vulnerability, small hazards that can have huge impact and one of the short term measure to improve resilience is to improve social safety nets. SA have a pretty good social safety net, but countries like Malawi, Lesotho, Zimbabwe need it. The EU could become a lot more involved in being part of bridging this gap between humanitarian and development work and in the discussion around resilience and social safety nets in the region. Realistically, SA doesn't have enough money to support Lesotho and Lesotho doesn't have the economy to support financially its social safety nets alone. SADEC, donors like the EU, NGOs need to focus their conversation and align it in the promotion of social safety nets and social protection. At the time, the WB is answering the call but as bank institutions and UN have very different approaches, it is important for them to prioritize a dialogue on social protection support.

	Source MN 406
CGP	<p>According to UNICEF, Lesotho is receiving visits from neighboring countries to check how the CGP operates, for example Zambia, and Brazil. Lesotho is starting to be seen as an example of good practice, especially in regards to NISSA as in other they cannot sustainably do cash distribution. Lesotho is arguably the most advanced in developing a single registry in Africa.</p> <p>However it doesn't seem that the EU has done a lot of advocacy/promotion in the region to cross-feed discussion on social protection and on technical lessons learnt.</p> <p>Source MN 401</p>
CGP	<p>NISSA is expensive to set up at a scale. The single registry is also being developed in Malawi, Kenya, Ethiopia, Yemen,... There is no evidence that the EU pushed for a technical discussion or lessons-learnt on single registries in the region.</p> <p>Source MN 408</p>
<b>I 2.2.2</b>	<b>EU launched cross border initiatives to promote closer relationships between Lesotho and its regional neighbours</b>
	<p>Apart from a very active water portfolio that has seen strong support for the Lesotho Highlands Water Project that benefits both Lesotho and South Africa, closer relationships in other areas did not receive much attention as far as the evaluation has been able to establish to date.</p>
	<p>The EU has various programmes where Lesotho is integrated: regional programmes and sub-regional for SADC and the Pan African programme (election support, statistical support) where again Lesotho might benefit and then all the thematic budget lines now all summarised under one 'Global Public Goods and challenges' and then the thematic for CSO. So the EU has the geographic (regional or bilateral) or thematic (global, regional or bilateral) programmes but they are not negotiated by the partner country.</p> <p>Lesotho and the region: recent signature of the EPA where ZA is now in. For the implementation of the EPA there must be close partnership with ZA. And it is intended that will be set up an EPA fund that could support eco integration in the region. But this will still have to be set up and approved by the EU so this will be in LT. This could be a fund for regional integration.</p> <p>MN04</p>
Resilience and Social Protection	<p>For UNOCHA, ECHO representative in Pretoria is just an intermediary with the EU partner to talk on how to implement resilience. All are acknowledging that resilience is the approach to address chronic vulnerabilities. The 400 000 food insecure (2014) in Lesotho is not small, although there is a fatigue from donors, and without besides ECHO, there is almost no one in Lesotho that supports resilience., ECHO could support South Africa to become a donor in the region. SA did a first donation in 2013 to provide Lesotho with cereals, but they could be motivated to do rather budget support. That would need advocacy from donors, although of course it would depend as well on SA financial capacity. According to UNOCHA, there is a potential missed opportunity as well because without an EU/SA partnership there is no exit strategy for donors like the EU putting regional donors accountable. OCHA mainly deals with DRR section of SADEC and is not aware whether there is a regional approach to social protection. Lesotho has been a big recipient of SADEC missions, it is felt that the WB could support the discussion on wider social protection together with the EU.</p> <p>Concerning migration and harmonization, we should aim for the day when people will have access to ARC in the whole region. As many basothos cross over to SA to get services, supplement their income, the mobility may make them more vulnerable.</p>

	Source MN 410
<b>I 2.2.3</b>	<b>EU combined development cooperation, trade and policy and political dialogue to further Lesotho's regional integration</b>
	<p>The CSP spoke of support to trade negotiations, however, the funds were earmarked for EPA implementation, which will now fall outside of the 2008-2013 period.</p> <p>Further more the MTR concludes that the original intent of using the €1.2 million trade envelope for assistance or studies required for the period after the EPA signature will be redirected towards support for Private Sector Development because of the delays in EPA negotiations.</p> <p>Source: EDF 10 MTR</p>
	<p>Under Cotonou there were trade relations between EU and Lesotho. This ended in 2007 and should have replaced by EPA. At the same time Lesotho has been able to benefit from EBA: WTO compatible and the other MIC like Namibia, Swaziland etc had some bilateral agreements.</p> <p>SADC EPA is SACU plus Mozambique should replace the TDCI (ZA) and the EBA (Lesotho) but Lesotho doesn't lose its EBA advantages so there will still be different treatment for ZA and Lesotho and not the same level of opening for all the Southern Africa countries.</p> <p>There were issues of rules of origin, etc. so lots of different situations and the countries in the region are not totally free for trade and investment: South Africa dominates the economies of the neighbouring countries. ZA is hesitant to let other countries to enter the market (financial sector, etc.). So within SACU and SADC there are different treatments which find repercussions in the EPA. The EPA also includes Mozambique so that is not within SADC/SACU. SADC/SACU borders persist probably because of political reasons, migrations.</p> <p>Source: MN04</p>
<b>I 2.2.4</b>	<b>EU supported Lesotho's export policy/strategy design and implementation</b>
	Support for ALAFA, whilst primarily focused on addressing HIV/AIDS amongst garment workers, has important implications for the competitiveness and survival of the export-focused garment industry, given the high HIV positive incidence amongst workers (estimated by Alafa management to be 43%).
<b>I 2.2.5</b>	<b>EU supported export-related institutional capacities (private sector enterprises, trade boards, trade negotiations)</b>
	There was no specific focus on Lesotho from within the regional integration programme and or the EPA negotiations preparatory work. All SADC states benefitted equally.
	<p>In the absence of the EPA being signed and implemented the Euro 1.2 million earmarked for its implementation was redirected towards the national private sector development.</p> <p>Source: ETR 10<sup>th</sup> EDF conclusions</p>
	<p>The EUD has asked the NAO to undertake a study on PSD needs /stakeholder review. The outcome has been a list with areas but there is nothing on management skills and on negotiating skills, which are needed for links with SAfr.</p> <p>Currently the WB is also involved in the identification of a project of improved Investment Climate Reform Agenda: each ministry will nominate a sub committee that will feed into the secretariat. The different ministries are not cooperating: political but also cultural. Currently the SACU resources are doing harm to Lesotho: everything is done for inflating the civil service. There is no</p>

	<p>interest in creating jobs in the private sector. There is the lack of knowing what to do. GOL is preparing now for a job summit: collect views of stakeholders to give a policy direction to GoL with different working groups (PFM, education, security) but it is very elementary: they will have a very basic policy. The Government sector is a disappointment.</p> <p>PSD is threatened by: SACU revenues (but they are insecure), trade (USAID are positively reviewing the AGOA agreement but its coming to an end next year), HIV/AIDS, declining remittances, brain drain and on top of that there is climate change and soil erosion.</p> <p>Source: MN80</p>
<b>I 2.2.6</b>	<b>EU supported export capacities (measures related to rules and procedures foreign trade, import/export law, IPR law, trade remedies, procedures, etc.)</b>
	These topics fall both within the EPA support work as well as the general work done at SADC, both of which benefit from EU support. However, with no specific Lesotho focus.
	There are many constraints to entrepreneurship in Lesotho, including the border controls and the required documentation to be able to import.
<b>I 2.2.7</b>	<b>Initiatives undertaken with EU support resulted in a lasting reduction of regional trade and access constraints</b>
	These topics fall both within the EPA support work as well as the general work done at SADC, both of which benefit from EU support. However, with no specific Lesotho focus.
<b>JC 2.3 EU support assisted Lesotho to participate actively and effectively in regional institutions</b>	
NZ	There is no evidence of such support in regards to the social protection agenda.
<b>I 2.3.1</b>	<b>EU representation and support for regional institutions (SADC &amp; SACU) was based on a sound understanding of Lesotho's needs and priorities and regional political realities</b>
	Support for participating within the EPA negotiations would have come from EU Delegation in Botswana.
	There was no specific support for SACU under any of the regional or national programmes.
	Support to SADC is based on the theory of regional economic integration , which is generally understood to have significant benefits for all member states of SADC. However, no specific effort has been made to ensure that Lesotho's needs and specific situation is taken into consideration.
	SADC: in the past idea that we were working very closely with the regional organisation so the cooperation for anything at regional level had to go through the regional organisations. Here it didn't work out so well for capacity reasons and regional bodies have problems to make decisions. Now a bit of relaxation: now you can start to have some initiatives without having the participation of the regional institutions – so you can do some direct programmes. Don't have to channel through the regional organisation. MN04
<b>I 2.3.2</b>	<b>EU Regional Delegations cooperated effectively to strengthen Lesotho's representation at regional fora</b>
	The CSP Evaluation 2004 made recommendations to the Delegations to meet more frequently for coordination purposes. No evidence was found that overt cooperation was pursued between the delegations following 2004.
<b>I 2.3.3</b>	<b>EU fostered deeper links between Lesotho and its regional neighbours through effective participation in SADC and SACU</b>
	There was no specific support for SACU under any of the regional or national programmes.
	The support to SADC has no specific Lesotho focus – whereas the general SADC objective is to ensure deeper links between all the SADC MS, no special

	treatment was given to Lesothos specific needs.
<b>I 2.3.4</b>	<b>The EU has funded joint missions, workshops etc. to build collaboration and joint capacity building</b>
	There is no evidence that any of the EU Delegations pursued this specific objective.
<b>I 2.3.5</b>	<b>Lesotho's prospects of lasting involvement in regional institutions has improved</b>
	Lesothos participation within SACU and SADC is not under threat. EU support to the SADC Secretariat and to all the MS via the regional integration programme ensures that SADC functions effectively with participation from all MS. Lesotho is very dependent on the SACU revenue pool and has strong national interest to participate effectively within its institutions.
	There is no evidence that any of the EU Delegations pursued this specific objective.
<b>JC 2.4 EU support to regional programmes and institutions took account of the needs and priorities of Lesotho</b>	
<b>I 2.4.1</b>	<b>Evidence that regional programmes ensured that the needs and priorities of Lesotho (and other smaller states) were taken into account</b>
	Lesothos needs within the regional programmes are catered for through a general approach and no specific focus has been placed on its development or needs.
	Any regionally funded programmes run through SADC and have to benefit all countries. This doesn't favour Lesotho. There should be a separate vehicle to assist Lesotho. Working with regional programmes through SADC didn't work out so well for capacity reasons and regional bodies have problems to make decisions. Now a bit of relaxation: now you can start to have some initiatives without having the participation of the regional institutions – so you can do some direct programmes. Don't have to channel through the regional organisation.  MN04, MN64
<b>I 2.4.2</b>	<b>Evidence that regional programmes took the particular constraints of Lesotho into account so that Lesotho could benefit from regional initiatives (despite the non-access of South Africa)</b>
	No special attention was paid to Lesotho. Whenever there is a workshop then SAfr has to pay for itself. Unknowingly EU complicated the issue for Lesotho. Lesotho came to all the workshops but there was nothing linked to the national programmes for Lesotho. The relationship Lesotho-South Africa is very difficult when Lesotho has nothing to offer. <i>Source: MN29</i>
<b>I 2.4.3</b>	<b>Evidence that coordinated programming ensured that the needs of Lesotho (and other smaller states) were taken account of in EU support to regional institutions</b>
	Lesothos needs within the regional programmes are catered for through a general approach and no specific focus has been placed on its development or needs.
<b>I 2.4.4</b>	<b>Geographic coordination has been sustained through shared documentation, etc.</b>
	No evidence was found of specific sharing of documents in order to understand or promote Lesothos position.
<b>JC 2.5 EU engagement with South Africa took account of the employment, social and health needs of Lesotho</b>	
<b>I 2.5.1</b>	<b>EU support to South Africa acknowledged the presence of many migrant workers from Lesotho (and elsewhere) and responded to their needs regarding security of employment</b>
	No documentary evidence of this exists

<b>I 2.5.2</b>	<b>EU support to South Africa acknowledged health needs, in particular the high incidence of HIV amongst migrant workers from Lesotho</b>
	No documentary evidence of this exists
<b>I 2.5.3</b>	<b>The employment, social and health needs of Basotho migrant workers in South Africa has been subject of a policy dialogue between the EU and the Government of South Africa</b>
	No documentary evidence of this exists
<b>JC 2.6 The provision of different instruments (DCI in South Africa and ACP cooperation instruments in Lesotho) did not hinder regional cooperation</b>	
<b>I 2.6.1</b>	<b>EU programming cycles and decision taking processes were harmonized between instruments</b>
	This has been a key stumbling block with great difficulty in harmonisation with Lesotho having access to different cooperation and development mechanisms. As a full member of the ACP grouping and Cotonou signatory, as a least developed country with EBA access to the EU market, Lesotho's profile to South Africa, as a developing economy with only limited access to the ACP group and with its own stand-alone Trade, Development and Cooperation agreement, could not be more different. Designing a programme that would jointly benefit the two countries must be highly problematic.
<b>I 2.6.2</b>	<b>The applications of EU aid (such as through the use of budget support) were similar regardless of whether support was provided under ACP support or DCI</b>
	This is not the case, as the South African Government chose to earmark EU funded budget support to specific South African budget lines, whereas in Lesotho budget support, e.g. to the water sector, has not been utilized in an earmarked manner. However this did not reflect the differences in the instruments, but in the application of funding by the recipient governments.
<b>I 2.6.3</b>	<b>Provisions were made to overcome the constraints linked to Lesotho and South Africa having two funding sources with their own procedures</b>
	No evidence of this was found.
<b>I 2.6.4</b>	<b>EU support to Lesotho and South Africa has strengthened regional cooperation</b>
	National EU support to Lesotho and South Africa has not focused on regional cooperation. Regional support to SADC has promoted regional cooperation and integration in as far the regional programme has supported efforts towards regional integration for the entire region. No specific effort was made to integrate South Africa with Lesotho.
Information sources	
Programming documents (regional, RSA, Lesotho) MTR, ETR and EAMR - Review of the 9th and 10th EDF projects initiated from Botswana within the SADC context (2008-2014). Some minor references to Lesotho, but none that answer the EQ sufficiently. Will have to be supplemented with interviews. Interviews (EU Lesotho, EU RSA, EU Botswana, SADC, SACU) Regional programme and project documents Regional evaluations	
Analytical methods	
Documentary analysis Interviews Statistical analysis of trade data	



**EQ3 on relevance and coherence**

**To what extent were the choices of focal sectors and the projects and programmes under the 10<sup>th</sup> and 11<sup>th</sup> EDF an appropriate response to Lesotho's priorities and challenges?**

**Justification and scope of the EQ**

This EQ aims to investigate whether, at programming level, the choices made by the Commission and the GoL, in terms of priority sectors/areas and interventions included in the cooperation framework, responded adequately to the challenges posed by Lesotho's development [it is to be noted that for this purpose, budget support is treated as a sector]. In particular, the following assumptions underlying the choice of focal sectors need to be verified:

- providing support to OVCs and social protection more widely is the most effective way to tackle Lesotho's fight against the consequences of HIV/AIDS;
- improved infrastructure (water and sanitation, roads) is key to enable equitable economic growth and reduce poverty; and,
- the use of budget support will increase the cooperation's effectiveness, will contribute to the achievement of MDGs and is adapted to the particular context and capacities of the GoL.

The testing of these assumptions and the analysis of the relevance of the choices of sectors of intervention for addressing Lesotho's challenges will be done by assessing :

- (i) whether the EU, in choosing its focal sectors, did so in full understanding of the challenges facing Lesotho's development and whilst taking appropriate account of the context (opportunities, needs, constraints) and its evolution (JC 3.1);
- (ii) in how far the proposed focal sectors corresponded to a comparative advantage of the EU *vis-à-vis* other donors and provided a value-added *vis-à-vis* other donors and the Government (JC 3.2);
- (iii) to what extent the proposed focal sectors were complementary to other initiatives in the sectors (JC 3.3); and, finally
- (iv) whether EU's choices adequately addressed the challenges faced by the Government, responded its policy priorities and were relevant to the wider objectives of EU cooperation of poverty eradication, sustainable and inclusive growth and insertion into world trade (JC 3.4).

**Level of analysis**

Relevance, coherence, complementarity

Value added

Preliminary Judgment criteria and indicators

**Judgement criteria (JC)****Indicators (I)****JC 3.1 The choice of focal and non focal sectors responded to the country context and GoL needs and priorities and evolved accordingly**

Social protection

EU level of support compared to other donors and the scarcity of donors automatically placed it as one of the most influential donor in Lesotho. The country absorption capacity especially as demonstrated in the social protection sector may have been one of the factors guiding EU cooperation and its strategic direction choices. Although at least on the social protection front, they may have been lucky to meet with partners who could communicate their strategic vision and engage the EU on a systemic change path. In reference to Lesotho key challenges such as HIV/aids (the prevention component) and natural resource management/DRR/Resilience, the EU may have been short sighted by not investing in productive safety nets and other climate change mitigation measures in a more sustainable form than with ECHO grants. However, as far as Social Protection is concerned, the EU made a coherent choice to keep its priority focused, well documented on results and this stability was a condition for the effervescence observed today (2014) where a Social Protection Strategy has been instituted, together with single registry options and with elaborated costing analysis to engage the country up to 2018.

I 3.1.1	<p><b>EU analysed the country context, opportunities, needs and structural challenges to reaching national objectives at programming time and during programme implementation</b></p>
	<p>The cooperation choices in the 10<sup>th</sup> EDF respond to identified medium term challenges for Lesotho. In the country diagnosis presented in the 10<sup>th</sup> CSP, the EU highlighted the critical position and prospects of Lesotho with regards to its size, localisation and limited export potential, which increase its economic vulnerability whilst the effects of HIV/AIDS thwart progress of its human assets.</p> <p>The following features stood out in 2008 and most of them still stood in 2013 when the 11<sup>th</sup> EDF was programmed:</p> <ul style="list-style-type: none"> <li>• Lesotho is a low income country with a limited and fragile resource base: its size, localisation and limited export potential increase its economic vulnerability and constrain its development prospects;</li> <li>• the Government of Lesotho does not have the technical and managerial expertise to lead private sector development (PSD); small business growth is expected to pass mainly through the export market;</li> <li>• the largest threat to Lesotho's development and social wellbeing is the escalating HIV/AIDS pandemic and the poor, even declining, social outcomes;</li> <li>• Lesotho benefits from a sound macroeconomic and fiscal policy and performance, low external debt and positive fiscal and external balances; but,</li> <li>• Lesotho was expected to lose its SACU revenues due to changing regional and international trade arrangements whilst its linkages with South Africa were expected to become increasingly strong; this has not materialised during the period;</li> <li>• Civil society, non state actors, including community based organisations (CBOs), and decentralised administration are important in providing better service delivery.</li> </ul> <p>Macroeconomic and fiscal management is depicted positively in the CSP both in terms of performance and prospects. This country diagnosis mirrors that of the IMF which in its Art IV review encapsulates the macro-economic and social situation of Lesotho at end 2007 in the following few lines: <i>'Lesotho made further progress toward macro-economic stability in 2006. After sluggish economic activity in recent years, real economic growth surged to about 7 percent, driven by booming diamond production, a recovery of the garment industry, and good performance in the agriculture and services sectors. Poverty has declined, but remains high, and Lesotho has a high prevalence of HIV/AIDS. The pace of structural reform has been slow.'</i> At the time of the 10<sup>th</sup> EDF programming, Lesotho's performance in terms of macro-economic and fiscal management as well as in terms of macro-economic results appeared largely positive, helped by high transfers from SACU and high export proceeds (from diamonds and textile) allowing improved fiscal and external debt indicators.</p> <p>The CSP country diagnosis includes rapid reviews of the PFM reform process, the trade policy, the transport and water sector, the social situation, agriculture and the environment. The diagnosis remains however rather incomplete, especially with regards to private sector development (PSD) (which is underlined by the IMF as a requirement for achieving higher growth rates and the diversification of the production basis) and is mentioned only in so far as it is part of the Pillar II of the Government's strategy. The CSP states that the GoL does not have the technical and managerial expertise to lead PSD and further that small business growth will</p>

	<p>pass mainly through the export market.</p> <p>In terms of external trade and regional integration, the CSP anticipated that SACU and CMA would be superseded by wider regional grouping such as the SADC Regional Indicative Strategic Development Plan (RISDP) which aims for the establishment of a Free Trade Area by 2008, a Customs Union by 2010, a Common Market by 2015 and a Monetary Union by 2016 – and that regional and international trade arrangements would lead Lesotho to lose its SACU revenues. In this area, the CSP also recognized the limited value of the EU's EBA for Lesotho as well as its poor prospects under the forthcoming EPA and the need for Lesotho to strengthen its negotiation position faced with membership of the Trade, Development &amp; Co-operation Agreement (SA-EU TDCA). The CSP presented a future of increasingly strong linkages between Lesotho and South-Africa: <i>'The countries have shared resources, some joint facilities and the free movement of goods, services and people, together with common membership of SADC, SACU and the CMA. The trend is towards closer economic cooperation.'</i> (page 13 of the CSP).</p> <p>Overall then, the CSP analyses a certain number of areas and points out weaknesses but the choice of focal sectors does not necessarily address all identified weaknesses and the CSP does not systematically explain in which way the three focal areas retained for cooperation (human development, infrastructure, and macroeconomic support and capacity building for the PRS) will contribute to the attainment of Lesotho's development objectives.</p> <p><i>Sources: IMF Article IV Consultation with the Kingdom of Lesotho, October 2006 and November 2007, See Public Information Notice (PIN) Nos. 06/112 and 08/38; See CSP 10<sup>th</sup> EDF.</i></p>
	<p>For the 10<sup>th</sup> EDF CSP, a diagnostic study was done no but consultation with CSO and other. For the MTR a detailed study was done.</p> <p><i>Source: MN50</i></p>
Social Protection	<p>Through its CGP, the EU and UNICEF recognized the challenge posed by the merging of Health and Social Protection under one ministry, the Ministry of Health and Social Welfare and supported the formation of the Ministry of Social Development (ROM 1921426p5) to strengthen the leadership in the achievement of national objectives to address Social Protection.</p>
11 <sup>th</sup> EDF	<p>The NAO was asked to make an assessment of what GOL wants as focal sectors. Ended up with social protection, water, governance. Energy was probably not in there.</p> <p>From the DEU side, there was no knowledge about how the 11<sup>th</sup> EDF choices came about: no report was seen, no information given.</p> <p><i>Source: MN44, MN83, MN5</i></p>
HIV/AIDs	<p>Lesotho is regressing in terms of HIV/Aids, it is now rated as the 2 country in having most of the new infections. There are not many players in impact mitigation (only WB, EU and govt). One area seeing little support is in preventing new infection. The regression in HIV/Aids can be partially attributed to the dismantlement of the national Aids authority/commission (NAC) (it was an independent organization coordination that existed till dec 2012). The government did not get return on investment and oversight due to politicization. However the EU could advocate for the creation of the authority as it gives direct budget support to ministry of finance.</p> <p><i>Source: MN 405</i></p>
CGP	<p>It is appreciable that although the EU didn't have a mastermind plan when they started engaging in the CGP, it managed to seize windows of</p>

	<p>opportunities that enabled them to advance the social protection agenda. This pragmatic approach is a guarant that policies get implemented because they are the result of practice rather than theoretical and never put into practice.</p> <p><i>MN 401, 402 and 404</i></p>
<b>I 3.1.2</b>	<b>Choices of focal sectors derived from an exploration of alternative sectors</b>
	<p>From interviews, it appears that choices of sectors in the 10<sup>th</sup> EDF were based mainly on three considerations:</p> <ul style="list-style-type: none"> <li>- continuity in sectors where the EU was already engaged and where positive results had been obtained (water, transport, social protection)</li> <li>- the focus on attaining MDGs and thus a focus on education/health and water</li> <li>- decision from Brussels to go heavily into GBS.</li> </ul> <p><i>Sources: MN45, MN50</i></p>
Social Protection	<p>The choice of Social Protection as a focal sector is coherent with NSDP priorities. Within the Social Protection sector, the orientations of support may have partially derived from an exploration of alternative sectors. As per JC 1.3, the support to the pilot CGP took into consideration other funding existing in other social protection schemes. Nevertheless, the EU supported the CGP almost exclusively, besides a short investment from ECHO for the seasonal safety net during the emergency response in 2012. The exploration of alternative sectors which would have complemented the OVC (or built on the delivery mechanism of Pension Fund scheme) didn't seem to have taken place at the EU level (it had at UNICEF level), most likely because they got engaged most with UNICEF (which traditional target group is the OVC) and also because the WB only issued their report in 2013.</p> <p>There is no evidence that Resilience was considered as a possible sector/priority or that social protection was understood as a building block for resilience.</p> <p>Over the years though, social protection emerged as the most successful sector and its prioritization made sense in order to build on investment.</p> <p><i>Source: MN 401, 404</i></p>
Social Protection	<p>As a result of the HIV/AIDS epidemic, Lesotho has suffered a crisis of orphanhood with an estimated 28% of children under the age of 18 which have lost a parent (WB Lesotho Safety Net report 2013). A fraction of them, the Orphans and Vulnerable children, are living in extreme poverty and addressing this group through the CGP was context relevant. However the same report demonstrates that the proportion of elderly in Lesotho is higher than in other sub Saharan African countries (due to the outmigration of young people, HIV/AIDS epidemics and demographic transition towards an older society). The WB reports states that poor households tend to have more elderly members which may question the choice of designing the CGP for OVC. The choice of the best entry point to optimize the contribution for poverty reduction remains a subject of analysis.</p>
<b>I 3.1.3</b>	<b>EU focal and non-focal sectors were aligned to challenges identified, priorities expressed and constraints identified in GoL's national strategy</b>
Social protection	<p>The choice of human development as the first focal sector corresponds to the EU's diagnostic in the 10<sup>th</sup> CSP that the largest threat to Lesotho's development and social wellbeing is the escalating HIV/AIDS pandemic and the poor, even declining, social outcomes. Developments in the years preceding the 10<sup>th</sup> EDF programming already made clear that the problem</p>

could not be ignored, and, accordingly, the EU devoted increasing resources to supporting human development, and elected human development the first focal sector of support in the 10<sup>th</sup> EDF programming. The modus operandi proposed for this support to human development in the 10<sup>th</sup> EDF was initially the continuation/up scaling of the project launched in 2007 under EDF9 funding. The project, aiming to support orphans and vulnerable children (OVC), had barely started at the time of 10<sup>th</sup> EDF programming; it covered only one third of OVCs and the 10<sup>th</sup> EDF funding would strengthen and expand this support. Neither the CSP nor the NIP are particularly clear about what this project entails and the logical framework for the support is rather weak (and doesn't correspond ex-post to what was done). Project information and interviews revealed that the project, managed by the Ministry of Social Development with technical support from UNICEF, has been providing grants (cash transfers) to vulnerable families in pilot areas; it has also developed the systems to manage the allocation and distribution of grants (means testing of households, setting up of community structures, development of the National Information System on Social Support – NISSA, etc.) and strengthened capacity in the ministry to manage the scheme. The idea was thus to expand the pilot to other geographical areas under the 10<sup>th</sup> EDF. However, after the start of the 10<sup>th</sup> EDF funding, with a view to make this social protection system sustainable, the EU switched part of its support to GBS so that the Government could take over the cash transfer programme and start funding the scheme itself: from the initial envelope of €27m, €10m was dedicated to the project and €17m was added to the GBS (in October 2013). This more recent change (2013) in approach, from project to GBS, has been mainly led by the desire to make this social protection scheme part and parcel of the GoL's strategy and thus fully integrate its cost in the budget.

In terms of change processes, the logic of supporting OVCs as presented in the CSP is that helping OVC will reduce the poverty 'through a significant decrease in the hardship, morbidity and mortality experienced by the people of Lesotho'. For the support to social protection to be effective, the CSP underlined the need for the publication of a five-year National AIDS Strategic Plan, approved in December 2006; and the need for HIV/AIDS to receive greater prominence in line ministries' plans and sector investment plans. In addition, the GoL was asked to commit to ensure mainstreaming of the cross-cutting issues by reviewing the policy and laws affecting the rights and protection of women and children and by promoting gender mainstreaming through the development of Gender Focal Points (GFP) in line ministries and the ten districts.

The modus operandi of the support is not explained in the CSP, and the ways through which the objective is supposed to be achieved is not either. The intervention framework for the support to human development attached to the 10<sup>th</sup> EDF National Indicative Programme (NIP) offers some elements of explanation, citing as intervention objective 'Basotho OVCs enabled to cope with their trauma and loss and assisted to access services and acquire life skills, and enjoy food security' and listing eight results (which are in fact outputs) including 'OVCs provided w/psychosocial support', 'OVCs provided with HIV/AIDS prevention knowledge', 'OVCs attend school, at least during (free) primary Education', 'OVCs protected against abuse, especially sexual abuse and loss of property' etc., which lead one to suppose that activities supported by the project include the provision of health and psychological support as well as education, food and other basic supplies.

	<i>Source: CSP</i>
Social Protection	The CGP (Social Protection sector) was aligned with the Poverty Reduction Strategy, the Poverty Reduction and Growth Facility, the Millennium Development Goals and the National Development Framework.
Water and sanitation	<p>The EU's second focal area of support under the 10th EDF is the continuation, building on and consolidation of EU support to Lesotho's infrastructural public service provision, in particular water &amp; sanitation and road transport started under previous EDFs. Both sectors were identified in Lesotho's PRS as essential for enabling equitable economic growth and reduce poverty (part of the priority areas under the first pillar of the PRS). The transport sector was supported under the 9<sup>th</sup> EDF through the co-funding of a World Bank project and, once activities had been completed, EU support stopped. An initially envisaged continuation of support to the sector under 10<sup>th</sup> EDF did not take place as mentioned above; the monies programmed for the transport sector were thus transferred to support in the water sector. In the water sector, a blend of project and budget support funding was used and a mix of both hard-core infrastructure support, policy reform and institutional/management support was implemented.</p> <p>Changes that occurred to programming in this area after the initial CSP include: (i) the drop of support to the transport sector and the move of the envisaged envelope to the water and sanitation sector, (ii) the increase of the envelope for the water and sanitation sector and (iii) the change in the financing instrument used for the water sector (initially project support was envisaged to be used and in reality budget support was also used).</p> <p>Although not explicitly stated as such, the intervention logic appended to the CSP for both the water and transport supports, indicates that the anticipated results chain runs as follows. Support to water and sanitation would increase access to clean water and allow improved sanitation, thus leading to a healthier population which would itself allow people to remain active members of the economy and improve their living standards and incomes. It is assumed here that the improved services will benefit the population segments who have hitherto not benefited from improved services (some rural populations). It is also understood that EU support will contribute to improve water availability for agricultural usage, in which case there is a direct link between the water access and economic activity and growth. Overall the intended effect is thus mainly on improved living standards and ultimately on economic activity.</p> <p>Beyond the contribution to the overall objective of improving the livelihood of the population and thus contributing to reducing poverty, the rationale for funding of the water sector seems to have been mainly that the EU wanted to contribute directly to the achievement of the MDG and this area, infrastructure development, enabled the continuation of past support which was believed to have achieved positive results. The move from project to SBS seems to have been inspired by the general EU directive to move towards BS whenever possible (see above) but was probably underpinned by the fact that the water sector was one of the few sectors that benefitted from a programmatic approach and where SBS thus seemed possible.</p>
General budget support	Whilst 2004 saw the total stoppage of BS provision by the EU (and the redirection of funds planned for BS towards the infrastructure sectors), the 10 <sup>th</sup> EDF programming reinstated budget support (BS) as the most important tool of cooperation. Budget support was adopted both for macro-economic support (under the form of general BS) and for support to

	<p>the water sector (sector BS). Macro-economic support was to be accompanied by capacity building in economic policy and management. The general BS focused mainly on the implementation of the PRS and on progress in PFM, public sector reform and decentralisation which placed responsibility and resources for the delivery of basic public services in the hands of district and community institutions newly created by the Local Government Act of 1997. During the period of implementation, the initially programmed support to the water and sanitation sector was also switched from project support to sector budget support, in support of the implementation of the Lesotho Water and Sanitation Sector Programme, focusing on improved capacity for service delivery in the sector and on investment in water supply and sanitation, both rural and urban. Similarly, as seen above, the support to social protection was also partly switched from project to (general) budget support during the period of 10<sup>th</sup> EDF implementation to enable the Government to take over the cash transfer programme and thus improve sustainability of the social protection programme.</p> <p>Although this is not explicitly stated in the CSP, macroeconomic support and capacity building for the PRS is intended to facilitate the Government's implementation of its Poverty Reduction Strategy. By providing funding associated with a policy dialogue and technical advice, the support is meant to improve public policies, and in particular public finance management, and to contribute to improved service delivery. Some major assumptions for this to succeed are that the package 'funding, technical assistance and policy dialogue' is sufficiently attractive for the Government to be interested in joining the policy discussions, that there is sufficient Government commitment to the public policies and reforms supported, that the public administration is open to improved functioning (possibility of culture change) and that the implementation of these policies and reforms will indeed achieve the desired outcomes (better use of improved public services) and impacts of poverty reduction and sustainable, equitable and inclusive growth.</p>
	<p>Engagement in PFM despite no GBS. This is a HQ decision. The RMF: it shows high risks in PFM and health but in the BS everything is fine because the indicators have been set so low. Now we are trying to get a better balance. If we are engaging in BS then we should get better indicators. If then not doing any longer BS and still do the TA in PFM: incoherent. There is also the discrepancy between RMF and BS judgement on indicators.</p> <p><i>Source: MN80</i></p>
	<p>From several interviews, it appeared that the priorities of GoL's policies remain very unclear, that a lot of 'development' initiatives presented to the GoL are left without any response and that efforts have been made to propose funding of different initiatives but have remained in the drawer. There is no response from the GoL in terms of what can be done, should be done. Projects get stuck because of lack of interest from the GoL, lack of counterpart funding, lack of capacities etc. To illustrate the point: The last 10 years under Prsdt Mbeki there was a joint committee bilateral and PM Lesotho and some economists worked on that. Indicated that Mbeki wanted to see Lesotho move from A to B and expected that there would be teams on Lesotho and ZA side: identification of projects and then marketed for funding, DBSA and IDC were involved at looking at these projects. It was very innovative project and approach: it was at the height of the African renaissance, charity begins at home and the Committee didn't result in anything at all.</p> <p><i>Sources: MN91, MN49, MN62, MN18, MN24.</i></p>

<b>I 3.1.4</b>	<b>Programming was done in consultation with Government, including Local Government Agencies (at district level), NSA and other donors</b>												
	To be verified in the field												
Social Protection	As per ROM 1921426 the CGP Project Steering Committee or National OVC Coordinating Committee (NOCC) comprised of MOSD, Ministry of Finance, EC, UNICEF, Bureau of Statistics and is chaired by the Principal Secretary of the MOSD and convenes quarterly. World Vision International acted as field implementer coordinating with the Village Assistance Committees (VAC).												
<b>I 3.1.5</b>	<b>Results of evaluations and changing external and internal circumstances influenced changes in choices of sectors, aid modalities and programmes</b>												
	The EAMR and MTR did not offer any justification of the changes made. Only the executive summary and the conclusions of the 10 <sup>th</sup> EDF MTR were available.												
	<p>There are very few ROM reports for interventions in Lesotho as shown in the table below (13 projects were monitored through ROM representing 33% of the contracted amounts). Most importantly, there are no ROM reports for the BS operations which represent the largest share of EU development cooperation envelope.</p> <table border="1" data-bbox="552 846 1219 987"> <thead> <tr> <th></th> <th>Projects with ROM</th> <th>All Interventions</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>#</td> <td>13</td> <td>33</td> <td>39%</td> </tr> <tr> <td>Amount</td> <td>79.993.329</td> <td>240.107.651</td> <td>33%</td> </tr> </tbody> </table> <p><i>Source: ADE from inventory</i></p>		Projects with ROM	All Interventions	%	#	13	33	39%	Amount	79.993.329	240.107.651	33%
	Projects with ROM	All Interventions	%										
#	13	33	39%										
Amount	79.993.329	240.107.651	33%										
Social Protection	The CGP being a pilot, M&E have been an important component of the program. The Phase I of the project was evaluated by OPM in 2012. It was followed by an impact evaluation in 2013 (draft report March 2014). Evaluations were taken into considerations in the redesign of the programs. There was no sectoral change as Social Protection remained high in the agenda of Lesotho Government.												
CBEP II	<p>As is extensively illustrated in EQ8, the CBEP II programme took no/very little account of the results of the mid term review (2006) of CBEP I and in turn the design of the current programme took no account of the results of the CBEP II evaluation undertaken in 2012. The exact same constraints to effectiveness of a PFM reform support programme still exist. The report concludes: <i>'Sustainability and impact remain limited for precisely the same reasons as identified in the mid-term review of CBEP I.'</i></p> <p>Source: Evaluation CBEP II.</p>												
DDNSP	The Government's original commitment to decentralization was put into policy in 1997. However given the relatively limited progress with decentralization under LGNSP, and that the World Bank had pulled out, it is perhaps surprising that the EU persisted in supporting this initiative. It is however correct to note that the Ministry of Local Government had strongly supported development of a new policy once the political momentum increased.												
<b>JC 3.2 The choice of sectors took account of EU's value-added, experience and past performance</b>													
General	<p>Although the CSP never explicitly states the reasons for choosing such or such a focal sector, the following criteria have, according to the CSP, enabled the EU to set its cooperation priorities for the 10<sup>th</sup> EDF:</p> <ul style="list-style-type: none"> <li>▪ response to the medium-term challenge;</li> <li>▪ relevance to good governance, poverty reduction and employment creation;</li> <li>▪ existence of an ongoing, structured sector policy dialogue and capacity within the relevant government agencies;</li> </ul>												



	<ul style="list-style-type: none"> <li>▪ complementarity with other external funding agencies;</li> <li>▪ lessons from past experience;</li> <li>▪ capacity of National Authorising Officer (NAO) and EC Delegation to manage and monitor interventions; and</li> <li>▪ potential capacity of NSA to participate in the areas of cooperation.</li> </ul> <p>Ex post, the logic of the programming choices for the 10<sup>th</sup> EDF appears to have been driven also by logical responses to identified needs given evidence from past experience, knowledge of the areas (also based on past experience), policy direction from headquarters and pragmatism. Pragmatism was driven by factors such as: the very limited staffing and expertise within the EU Delegation, a lack of proactive behaviour and responsiveness of the GoL in terms of its management of foreign aid, relationships already built up with some sectors (such as water and sanitation). Other factors may have played a role such as for example, the presence of other donors in some sectors. For example it is plausible that the EU decided not to support Private Sector Development (PSD) partly because other donors were already involved in supporting PSD (such as DFID with some small projects supporting the private sector, the US\$363 million Millennium Challenge Corporation (MCC) compact signed in 2007 which focused on PSD, water and health and the World Bank supported Private Sector Competitiveness Program) whilst the EU had no particular experience or expertise in that area.</p> <p><i>Source: CSP</i></p>
<b>I 3.2.1</b>	<b>EU demonstrates particular expertise and experience in the chosen focal sectors compared to GoL and other donors</b>
	<p>EU action in development cooperation is based on the principles of effectiveness of aid –including co-ordination, harmonisation and alignment, coordination and complementarity between Member States and international players, and consistency of European policies with development objectives as defined in the Cotonou Agreement and the Consensus on Development. These principles have played in favour of the concentration in programming where only a limited number of priority areas of action are selected for development cooperation through dialogue with partner countries in areas where the EU can offer a comparative advantage whilst paying increased attention to the four cross-cutting issues of: (i) democracy, good governance, human rights, the rights of children and indigenous people; (ii) gender equality; (iii) environmental sustainability; and (iv) the fight against HIV/AIDS.</p> <p>Comparative advantage of the EU is specified as including: Comparative Trade and regional integration; the environment and the sustainable management of natural resources; infrastructures, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile states; human development; social cohesion and employment.</p>
<b>I 3.2.2</b>	<b>Choices of sectors and interventions took account of new policy directives emanating from the EU Commission</b>
	<p>New development cooperation directions have been issued through the European Consensus on Development, adopted in 2005, which sets the general policy framework at EU level and additionally emphasizes human rights and good governance as important objectives of EU cooperation. Another example is the EU Strategy for Africa (December 2005), which further provides a long-term, strategic framework for interaction between Europe and Africa at all levels, including with pan-African institutions such</p>

	<p>as the African Union, regional organisations and national authorities, and defines how the EU can best support Africa's own efforts to promote sustainable development and reach the Millennium Development Goals (MDG). In the EU Strategy for Africa the promotion of peace, security and good governance (first pillar) is recognised as a prerequisite for sustainable development, whilst supporting regional integration, trade and interconnectivity is identified as essential to promote economic development and improving access to basic social services (health, education) and protecting the environment are essentials for reaching the MDGS 1 to 6 faster (pillars 2 and 3).</p>
	<p>The EU published the Agenda for Change (2011), which has mainly impacted the 11<sup>th</sup> EDF programming although some aspects of it, such as the use of innovative ways of financing development, like the blending of grants and loans, or the new approach to budget support, may already have influenced the implementation of the 10<sup>th</sup> CSP. More broadly the Agenda for Change (2011) promotes the focusing of EU assistance on the two priority areas of human rights, democracy and other key elements of good governance, and on inclusive and sustainable growth for human development. It targets (i) social protection, health, education and jobs, (ii) the business environment, regional integration and world markets, and (iii) sustainable agriculture and energy.</p>
	<p>The reinstatement of BS as the main financing instrument of the cooperation with Lesotho (from 18% of funds after the 2004 evaluation to 35% of the A envelope proposed in the 10<sup>th</sup> EDF, and more than 70% realised under the 10<sup>th</sup> EDF) has been motivated by the EU Commission's commitment to using BS as the preferred funding instrument as it allows the allocation of resources in accordance with national priorities as expressed in the PRSP and responds to the general principles of aid effectiveness as seen above. The resumption of BS was however subject to the satisfaction of two main conditions that will be further investigated during the desk and synthesis phases: on the one hand the PFM weaknesses, which identification was at the cause of the stoppage of 2004, needed to be tackled and, on the other hand, the EU required a satisfactory performance assessment framework (PAF) to be able to monitor PRSP implementation and achievements, PAF which had been sorely missing under the implementation of the previous 9<sup>th</sup> EDF programme and had contributed to bring BS to a halt. It should also be noted that, as seen above, Lesotho's macro-economic and fiscal management and performance was broadly positive at the time of the 10<sup>th</sup> EDF programming, characterised by fiscal surplus and the accumulation of foreign reserves: the rationale for using budget support was thus not all that evident and was really more triggered by an institutional decision at the top (EU directive) than by the existence of favourable conditions on the ground.</p>
Social protection	<p>The European Report on Development issued in 2010 recommended for the EU to make social protection an integral and central component of its development policy. It promoted the use of pilot social transfer programmes as well as direct budgetary support to contribute to the financing of a minimum social protection package or pay for the set-up costs, and the provision of technical expertise. In this light the EU Lesotho office could draw together EU traditional expertise in the education, health and governance sectors (<a href="https://ec.europa.eu/europeaid/sectors/sectors_en">https://ec.europa.eu/europeaid/sectors/sectors_en</a>) with the innovation of piloting a social protection scheme.</p>
<b>I 3.2.3</b>	<p><b>Positive performance track record of EU projects/programmes in terms of sustainable outcomes and contribution to project/programme specific and global objectives</b></p>

W&S	A positive track record is cited as a reason to continue supporting the water and sewerage sector in the 10 <sup>TH</sup> CSP.
Social Protection	<p>The CGP being a pilot, it is not possible at this stage to draw conclusions on the sustainability of the outcomes on a large scale. However, the strengthening of the Social Protection sector appears to be a solid outcome shaping future investments and policies. According to UNICEF, although the EU and UNICEF share responsibility in advancing Social Protection and advocating in Lesotho, UNICEF is concerned of a possible premature end of EU funding in the sector. On the reverse, they consider that the previous phases were laying the foundations and that the coming phase is when results can be achieved at a scale and cost-efficiency sought by the integration of systems. EU investment should thus continue and keep its focus on Social Protection and what has proven to work. A premature pull out of the EU would result in a clear loss on the investment made, the EU need to continue until it is right time to exit. And this time has not come yet.</p> <p>Source MN 401</p>
Alafa	Support to addressing the needs of HIV positive workers in the garment industry met a self-evident need, and AIAFA could demonstrate success in terms of reduced absenteeism rates etc. It was set-up as a form of public-private partnership, partly to gain traction from the private sector. However this support has proved to be uneven, with good contributions and sustainability from some firms (e.g. Springfield, a CSouth African firm) and disappointing contributions from other firms including most of the Asian owned businesses according to Alafa's former CEO.
<b>I 3.2.4</b>	<b>Positive and lasting contribution of EU support to Lesotho's achievement of development goals</b>
Social Protection	The development of a National Social Protection Strategy is an important contribution to the achievement of development goal drawn from the CGP project.
CGP	<p>Each different EU phases in support to the CGP had its own target, 1) start 2) expand 3) consolidate the system for the government to take it over.</p> <p>On phase 1 there was no ministry, so UNICEF had to put things in place and increase its own capacity. The EU invested on the foundations of the CGP then. The duration of this investment doesn't seem too long in a development timeframe. According to UNICEF, Lesotho is a very difficult country in the sense that even if the EU would invest in other sector they wouldn't have much impact. The CGP had many sectors such as food security, health, etc in its inception... but only social protection and child protection came out and for phase III it is definitely focused on social protection.</p> <p>Source MN 401</p>
<b>JC 3.3 The choice of sectors and interventions facilitated coherence and complementarity with other donors, GoL and NSA</b>	
<b>I 3.3.1</b>	<b>Modalities of GoL, NSA and donor coordination at programming and implementation stage</b>
PRBS2	The Development Partners Consultative Forum (DPCF) provides the framework for dialogue of donors with the Government. It has contributed to better donor coordination, alignment and harmonisation, in line with the Paris Declaration. The EU and EU Member States in the EDAL (European Development Agencies in Lesotho) embarked on joint analyses and synchronisation of programming at the start of the 10 <sup>th</sup> EDF programming cycle. The operational Budget Support Donor Group comprises in addition to the EU as lead donor, the World Bank and the African Development Bank. This group undertakes the annual joint GBS review together with the

	<p>GoL. Resident partners in 2011 are: EU, UN Agencies, WB, PRC, GTZ, IrishAid, Government of Libya, UK DfID, US Government, and Denmark and France (Honorary Consuls) . Non-resident partners include Japan, AfDB and IFAD</p> <p>Source: AF PRBS2</p>
Social Protection	<p>As per ROM 1921426 the CGP Project Steering Committee or National OVC Coordinating Committee (NOCC) comprised of MOSD, Ministry of Finance, EC, UNICEF, Bureau of Statistics and is chaired by the Principal Secretary of the MOSD and convenes quarterly. World Vision International acted as field implementer coordinating with the Village Assistance Committees (VAC).</p>
	<p>Capacities of the ministries for planning interventions is very weak: there is no strategic vision; sector consultations do not yield 'usable' results in terms of programme design. For example for PSD consultations were held but the outcome was just a list of areas without any mention of the needs for management skills and on negotiating skills, which are needed for links with SAfr.</p> <p>Source: MN80</p>
BS/CBEP II	<p>The evaluation of CBEP II identifies the entire set of TA that was provided, at the time, to the MOFPD in link with the PFM reform implementation. It is to be noted that at the time of design of CBEP II, there was no PFM reform action plan or programme (which would have helped donors to coordinate around it): in the event, the CBEP II design did not take into account the activities being managed by DFID funded consultants, <i>'but during implementation consultants worked together in a number of areas particularly in terms of programme budgeting and the development of budget framework papers'</i>. The report also states that the EU funded support to statistics and to macro-modeling (with the development of the MTEF) has facilitated the work of other donors (eg the MTEF). The report's overall conclusion states : <i>'Clear linkages with other donor initiatives were not specified'</i>.</p> <p>Source: CBEP II evaluation report.</p>
	<p>On BS, the EU is still engaged heavily in BS in the water and now also the climate change but the WB is willing to move out of BS; it is considering other modalities and is going to try and address civil service reform through a project.</p> <p>MN80</p>
<b>I 3.3.2</b>	<b>The type of support to social protection and the choice of implementing partner were coherent and complementary with other efforts in social protection</b>
CGP	<p>The Action Fiche for CGP phase II stipulates that complementarity with other Social Safety Nets (SSNs) was being addressed during EDF 9 and 10 in order to provide for the initial investment costs that contribute to the operational efficiency of SSNs like the Public Assistance Scheme, OVC Bursary Scheme, School Feeding Programme and Old Age Pension Scheme, through establishing systems for targeting, enrolment, payment, case management and Monitoring &amp; Evaluation. This was done by establishing a common national database (NISSA) which, if collectively utilized, would enhance operational efficiency and enable greater financial viability of public funding of all SSNs.</p> <p><i>Source: Action Fiche for CGP phase II</i></p>
CGP	<p>Within the Social Protection sector, the orientations of support may have partially derived from an exploration of alternative sectors. As per JC 1.3, the support to the pilot CGP took into consideration other funding existing</p>

	<p>in other social protection schemes. Nevertheless, the EU supported the CGP almost exclusively, besides a short investment from ECHO for the seasonal safety net during the emergency response in 2012. The exploration of alternative sectors or mechanism may have been overlooked by the EU, although due to its mandate, UNICEF was necessarily to propose the CGP. There is no evidence that Resilience was considered as a possible sector/priority or demonstrating that social protection is a building block for resilience.</p> <p>However, social protection emerged over time as a lead sector and the EU accurately pursued their investment in it.</p> <p>As a result of the HIV/AIDS epidemic, Lesotho has suffered a crisis of orphanhood with an estimated 28% of children under the age of 18 which have lost a parent (WB Lesoto Safety Net report 2013). A fraction of them, the Orphans and Vulnerable children, are living in extreme poverty and addressing this group through the CGP was context relevant. However the same report demonstrates that the proportion of elderly in Lesotho is higher than in other sub-Saharan African countries (due to the outmigration of young people, HIV/AIDS epidemics and demographic transition towards an older society). The WB reports states that poor households tend to have more elderly members which may question the choice of designing the CGP for OVC. The choice of the best entry point to optimize the contribution for poverty reduction remains a subject of analysis.</p> <p>However the reluctance to engage immediately on the Old Age Pension is understandable given its politicisation and the fact that it is not need based. However its transfer mechanism could have been explored as well as its adequation for the needs of poor HH in the countryside. As described by Devereux (workshop paper 2007 “Pilots, principles or patronage: what makes social protection succeed in southern Africa?”, “the idea of introducing a social transfer for older Basotho citizens first emerged as a pledge by the Prime Minister during the 2004 election campaign and was implemented after the elections were won. Though the Old Age Pension proved to be a popular and effective programme (Croome and Nyanguru, 2007), the value of the grant was low and opposition parties seized on this feature during the 2007 election campaign, pledging to more than double the pension if they won power. The government was forced to promise to ‘review’ the pension if they were returned to power, which they were and did, immediately raising the monthly transfer.”</p> <p><i>Source: WB Lesoto Safety Net report 2013, Croome and Nyanguru, 2007, workshop paper 2007 “Pilots, principles or patronage: what makes social protection succeed in southern Africa?”</i></p>
ECHO	<p>FFA/CFA initiatives have been the result of ad-hoc emergency assistance with insufficient strengthening by development funds (for example in support of WFP dev program). It doesn't seem that the EU analysed critically the role that productive safety nets can play in a country like Lesotho.</p> <p>Source:</p>
ECHO	<p>There is no evidence that the EU intended to consistently invest in sectors that may mitigate the occurrence of disasters and thus complement ECHO funding. It seems rather that DRR, Resilience and livelihood support for food security have been too low on the EU agenda.</p> <p>Source:</p>
CGP	<p>The choice of UNICEF capitalized on its standing collaboration with the Ministry of Health and Social Welfare, the agency expertise, mandate and technical capacity in Lesotho in the Social Protection sector. However, this</p>

	choice may have been done at the expense of other areas of social protection, particularly in the Productive Safety Net segment (with WFP), The watershed Management Program, as the difference of investment in quantity and duration is significant between DevCo and ECHO.
<b>I 3.3.3</b>	<b>Support to the water sector and its move from project to SBS had been widely debated at programming and sector levels</b>
<b>Water</b>	<p>The overall choices and strategies were relevant to the country context and priorities of the GoL to reform and strengthen the administrative systems for their long-term development objectives. The understanding of the Government capacity and commitment to implement the necessary reforms however has not been assessed at its appropriate level and the design of the process to achieve the results has been (is) insufficiently owned by the Government partners.</p> <p>“The challenge was not really understand by officials. The preparation stage must be longer and awareness on the difficulty to get the indicators must be more highlighted. Also at design stage not only ‘politicians’ should be involved but also a larger number of responsible, mainly those who will be in charge of gathering the data: problem of the relevance of people who discuss the SBS. Preparation must be more extensive. EU support in the sector very relevant and should be pursued as a matter of confidence but more should be done on awareness of SBS and understanding of the challenges involved.”</p> <p>Source: MN 302</p>
<b>I 3.3.4</b>	<b>Withdrawal of EU support from the transport sector was done in coherence with other donors and GoL</b>
	<p>The withdrawal of support to the transport sector was motivated on the EU’s side by the willingness/need to concentrate on fewer sectors. The GoL wanted to continue the support. Another argument that has been advanced was that the transport support was cancelled because of the games in SA (no one left to undertake works projects). The DEL engineer left as well (and there was not enough money to pay a local engineer). The WB stayed in there so no exit strategy as such.</p> <p>Sources: MN50</p>
<b>I 3.3.5</b>	<b>Synergies and absence of conflicts, duplication or overlapping of activities between EU and other donors in all sectors, including non focal</b>
Social protection	<p>Development partners re-launched the Development Partners Consultative Forum (DPCF) in 2008, which served as a mechanism for donor alignment and policy decision-making in the framework of the future National Strategic Development Plan, and the Public Sector Improvement and Reform Programme (PSIRP). A coordination forum of EU Member States and Delegation to harmonise their support programmes was also instituted. Coordination on OVCs was provided through the NOCC meeting on a quarterly basis. Besides, non-state actors established a network – Letsema – which provides OVC stakeholders a forum for information sharing and cooperation which partnership with the project however ended during phase II of the CGP.</p>
PRBS 2	<p>In March 2013, the WB decided not to disburse its BS as macroeconomic conditions were deemed not to be right for the DP). Disbursement was postponed for 6 months and the reassessment done in November 2014 confirmed that the situation is still not appropriate for BS disbursement. The IMF mission warned about macroeconomic instability: the situation is stable at the moment but there are a lot of different elements of potential pressure (elections, underspending of the capital budget, decline of the manufacturing in line with SAfr., increase in wage if rehire after elections,</p>

	<p>decline in SACU revenues if SAfr's economy continues to decline). There were issues around the budget forecasts and the budget speech and around the budget outcomes and the forecasts (from a planned surplus, now find a 3% deficit)</p> <p><i>MN53, IMF Art IV</i></p>
EDF11	The ADB's interventions in energy have not been discussed with the EU.
<b>JC 3.4 EU interventions adequately addressed challenges faced by the GoL and were supportive of the policy objectives of the GoL and the EU</b>	
<b>I 3.4.1</b>	<b>Objectives of programmes and projects (EDF and budget lines) were aligned with those of government programmes</b>
PRBS 1 PRBS 2	<p>Both the PRSP 1 and 2 support the implementation of the national development strategy in the context of Lesotho's longer term 'vision 2020'. When the PRBS1 was being prepared there was a Poverty Reduction Strategy in place PRS 2004/05 – 2007/08 with the expectation that a I-PRSP would be in place to support the priorities and objectives of the PRS. The I-PRSP 2009/10 – 2010/11 aimed for broad based sustainable improvement in the standard of welfare and was to act as a springboard for the preparation of a National Development Plan (NDP) for 2010. PRBS1 preparation was thus based on PRS 2004/05-2007/08, its implementation (2009/10-2011/12) actually falling under the I-PRSP 2009/10-2010/11.</p> <p>Similarly, PRBS 2 was prepared under I-PRSP but its implementation (2012/13-2014/15) is actually falling under the NSDP 2012/13-2016/17 (five year plan) which had started to be prepared in the beginning of 2011 and was to be the operational plan to achieve the longer-term objectives of Lesotho's Vision 2020 and the Millennium Development Goals. The PRBS2 was thus based on the Interim National Development Framework 2009/10 – 2010/11 (I-PRSP) with the following objectives:</p> <ul style="list-style-type: none"> <li>i) Accelerate shared and sustainable economic growth;</li> <li>ii) strengthen social protection and the fight against HIV and AIDS;</li> <li>iii) foster good governance for improved service delivery; and</li> <li>iv) promote human development.</li> </ul> <p>The NSDP clearly sets priorities and is the first plan which directly links with the budgetary process.</p> <p><i>Sources; PRBS1 and PRBS2 intervention fiches based on programming documents (AF, FA/TAPS), Assessment of general and specific conditions, 24/07/2012</i></p>
	<p>When BS was launched in 2008 there was no NSDP, it was an interim document, In 2012 there was a question about basing it on the NSDP and they said they couldn't change it in the PAF: the Govt had the NSDP so it should have been based on the NSDP. So there also there was a difference between the basis for WB and EU for BS. The NSDP was drafted with EU support. It was the first thing the new GoL approved in Dec 2012. So it should have served as a basis.</p> <p><i>MN53</i></p>
	<p>Support for OVCs provided a basis for a more comprehensive social protection intervention. However the interlocutor for this has been the Ministry of Social Development which does not oversee old age pensions which are managed by the Ministry of Finance. However the NISSA database development represents a potentially powerful resource which could be extended to cover pensions should the GoL start to act in a more coherent manner.</p> <p><i>MN104</i></p>
<b>I 3.4.2</b>	<b>Programme and project designs (EDF and budget lines) took full account of the constraints faced by GoL in the sectors of support and</b>

	<b>explicitly show how they would address the identified challenges</b>																																										
PRBS 1 PRBS 2	<p>In the design of the first PRBS operation, there was very little account taken of the constraints faced by GoL and the main recognised constraint was limited to the production of GoL accounts (which was thus retained as a pre-condition to the first FT disbursement). In total contrast, the 2<sup>nd</sup> PRBS operation addressed very explicitly different shortcomings of the GoL, esp w/r to PFM and proposed first a M€3,4 capacity building programme in PFM, soon revised upwards to a M€13,5 programme covering mainly PFM but also statistics and the NAO.</p> <p><i>Source: Project fiches.</i></p>																																										
Social protection	<p>The Phase II of the CGP clearly identifies the challenges faced by the Ministry of Social Development. In UNICEF interim report jan 12-13, it reports providing technical and financial support to address MSD staffing constraints. The creation of the operational structure was guided by organisational plans developed by a senior organizational specialist (p5). The PIF also sets out</p>																																										
<b>I 3.4.3</b>	<b>Assumptions made for the success of the interventions in terms of achieving desired sustainable outcomes were explicitly addressed in design of interventions and their evolution was monitored during implementation to ensure continued effectiveness of the interventions</b>																																										
PRBS 1 PRBS 2	<p>For the two GBS operations, the general and specific conditions for disbursement express the conditions that have to be met for the GoL strategy – and thus for the BS – to be effective. Over the course of the period, the general conditions have generally been deemed to have been met whilst performance on the specific conditions has been rather poor.</p> <p>Three general conditions:</p> <ul style="list-style-type: none"> <li>- macro-economic stability: condition met over the whole period with low inflation, healthy fiscal surpluses except in 2010/11 and 2011/12 due to spill-over effects from the global economic and financial crisis and its effects on SACU revenues. This was against a background of lower macro-eco performance due to the collapse of USA textile demand (reducing textile employment by 12%), the decline in mining employment and thus of rural incomes and the decline in the value of diamond exports and merchandise exports in 2008/09.</li> <li>- Satisfactory implementation of national development strategy: the JAR held in November each year from 2008 onwards (and one supplementary one in April 2012) have always been concluded with an overall satisfactory implementation. However, the ‘degree’ of satisfaction has been very variable. Based on the review of the indicators of performance in the four areas of the PAF, outcomes have been mixed (the following data are form the GoL submissions of PAF reviews):</li> </ul> <table border="1" data-bbox="544 1648 1362 1912"> <thead> <tr> <th>Year of review</th> <th>2008</th> <th>2009*</th> <th>2010</th> <th>2011**</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td><b>Met</b></td> <td>15</td> <td>3</td> <td>8</td> <td>3</td> <td>5</td> </tr> <tr> <td><b>Substantially met</b></td> <td>2</td> <td>6</td> <td></td> <td>6</td> <td>3</td> </tr> <tr> <td><b>Partially met</b></td> <td>1</td> <td>3</td> <td>5</td> <td>3</td> <td>5</td> </tr> <tr> <td><b>Not met</b></td> <td>4</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> </tr> <tr> <td><b>Awaiting data</b></td> <td>1</td> <td>3</td> <td></td> <td>3</td> <td></td> </tr> <tr> <td></td> <td>23</td> <td>20</td> <td>18</td> <td>20</td> <td>18</td> </tr> </tbody> </table> <p>Source: ADE from JAR and GoL annual GBS reports</p> <p>It is to be noted that: * in 2009 the progress reported by the GoL. DPs concluded that '12 objectives and targets were substantially or fully met and 5 policy objectives</p>	Year of review	2008	2009*	2010	2011**	2012	<b>Met</b>	15	3	8	3	5	<b>Substantially met</b>	2	6		6	3	<b>Partially met</b>	1	3	5	3	5	<b>Not met</b>	4	5	5	5	5	<b>Awaiting data</b>	1	3		3			23	20	18	20	18
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	<p>were partially achieved. Since the PAF Review Meeting significant progress has been achieved on the remaining targets and objectives that had not been met at the review in November 2009'</p> <p>** Similarly progress as reported in the JAR in 2011 was reviewed again in April 2012 to allow for further progress. Hence the review by EU shows that in fact only 16 indicators could be informed upon and of these 6 were achieved, 2 partially and 8 not at all. However a positive trend for 4 of those not achieved enabled a general conclusion as satisfactory.</p> <ul style="list-style-type: none"> <li>- Satisfactory PFM reform programme: Performance was again always judged as being satisfactory except in 2012 when the release of PRBSII TF1 and TV1 was delayed because HQ judged (in October 2012 for an assessment and request for disbursement made in July 2012 based on a review of November 2011) that preliminary PEFA 2012 results were a number of important areas where PFM reform was not sufficient. "These developments cast doubt on the conclusions on the general conditions relating to the satisfactory progress on PFM. Payment was deferred until GoL could prove it is addressing these issues.</li> </ul> <p><i>Sources: Annual performance reviews (JAR) and notes from DUE to HQ on disbursement conditions.</i></p>
Social protection	<p>For the CGP, the Institutional capacity and adequate coordination were identified as major challenges throughout the GoL, including the DSW (Action Fiche Phase II). The capacity for the GoL to fund its counterpart contribution was related to developments affecting the global economy crisis and financial pressures on GoL social protection budgets.</p>
<b>I 3.4.4</b>	<p><b>Social protection measures targeted the needs of the most vulnerable, provided a suitable platform for expansion to a sustainable social protection system and had been critically assessed against alternatives (contributory schemes) for their effectiveness in reaching desired social outcomes</b></p>
Social protection see also JC 4.4	<p>The WB report "a Safety Net to End Extreme Poverty" 2013 make a case for Social Protection in Lesotho, recognizing the high level of inequality for which safety nets can contribute to protect the consumption of the poorest at the food poverty line. However it points out that the current package (including the CGP), currently misses some important aspects of poverty such as seasonal poverty and malnutrition (p XV).</p> <p>The study examined all 10 programs that transferred money or in kind assistance to households which jointly represent the range of social protection/safety net measures put in place by GoL and partners (even if not explicitly referred as such) to find out their value for money. This critical study for informed decision making on the most suitable safety net instrument to choose from was therefore not available during the programmatic period covered by the evaluation. While the results of this study can be used to shed light on effectiveness and possible alternatives, it is to keep in mind that at the time of design and implementation, the EU had to rely on a theory of change approach. Besides, agencies mandate perspective may have prevented the identification of alternative entry points. For example the focus of UNICEF on children may have been the main criteria for the selection of OVC rather than Elders in the Old Age Pension or People living with Disabilities under the Public Assistance program (which was considered to be covered and had the bias of not being need-based). Another possible hindrance may have been GoL perception on some of its programs and acceptance to review (especially on possible corruption grounds for the pension funds), which may possibly have lead to the selection of CGP as less controversial.. However, the assessment of the scope of EU support for productive safety nets (contributive) compared to</p>

	<p>non contributive social protection programs was overlooked. As ECHO funded the Flood emergency response in 2012 and supported the Cash for Asset program from WFP (covering a large proportion of elders and aiming at building DRR assets), it is likely that the EC perceived all productive safety nets as rather humanitarian intervention than development ones, thus preventing considerable portion of money to be attributed by DevCo.</p> <p>Nevertheless, recommendation from the study suggest a national social protection/safety net package of interventions consisting of a) cash grants programs b) public works program c) Agricultural Input Fairs. The EU support therefore placed emphasis on only one aspect (the non contributive cash grants programs) of the package while a system unifying the 3 in a coherent way is what is preconized now by the WB, the GoL National Social Protection Strategy and Ayala Co Integrated SSN in Lesotho Final Design Proposal 2013.</p> <p>The WB study p50 confirms that the CGP could be an appropriate basis on which to build a general cash transfer program for all destitute, provided its targeting mechanisms would be revised (a mix of Proxy Means Testing PMT with community targeting and categorical targeting). The use of conditionalities would need careful consideration taking into account the supply side of the public services in education, health and nutrition (p50). The development of the national Information System for Social Assistance (NISSA) is also considered a prerequisite to move towards a national targeting system in support of an harmonization of Social Protection SSN Programs. At a minimum, the NISSA could play the role a unified database (national registry) which would enhance coordination and coverage (WB SSN report p23).</p> <p>In terms of effectiveness of the CGP, OPM draft Impact evaluation follow-up 2014 report indicates that the program contributed to an increased level of expenditures on food and non food basic items such as material for schooling. Nevertheless it was not possible to conclude that the CGP had a statistically significant impact on poverty at this stage (OPM evaluation report pvii). However, it was estimated in the Lesotho local economy-wide impact evaluation LEWIE 2013 of the CGP “that total income impacts significantly exceed the amounts transferred under the programme: each loti transferred stimulates local nominal income gains of up to 2.23 loti. By stimulating demand for locally supplied goods and services, cash transfers have productive impacts, mostly in households that do not receive the transfer. Real income multipliers remain significantly greater than 1.0 in most cases, even in the presence of factor constraints. Evaluations focusing only on the treated households are likely to significantly understate programme impacts because of general-equilibrium feedbacks in local economies.</p> <p>A comparison on the effectiveness of the different SSN programs is rendered vain at this stage given the lack of information on targeting performance (WB Lesotho safety Net report 2013 p 102). However, it is to note that except for the school feeding program, none of the programs reaches more than 5% of the very poor (WB study table 21 p88), the CGP being reported at reaching 1.5% population and 3.9% of the very poor in 2011. However improved implementation procedures and prospects of national expansion may significantly raise the % of the very poor reached. As a comparison the School Feeding Programme is less effective with 60% of the benefits going to non poor households (pxiii).</p>
Food aid	The effectiveness of Food for assets or cash for assets programming (as productive safety nets) has not been assessed and the experiences such as EMOP 200367 are very limited in time and funding.
HIV/AIDs	The linkages between health facility and community is not supported, and the government has difficulties problem to take it up, including the lack of staff in the field. It is important to focus on looking at the continuum of

	<p>care. Linkages and the referral system need support. The implementers are the community based organizations, the UN does only the oversight (manages the reporting). Those are local NGOs through NASSO, the religious consortium of leaders, network of people living with HIV, the medias (that have not been supported to institutionalize the prevention and telling stories) and traditional leaders. Efforts need to be placed in social mobilization and demand creation (reduce GBV, request ARV). The EU should then support the NGOs and medias in the matter as well as facilitate private sector involvement. In the absence of a national Aids authority, the EU should perform advocacy to ministry of health.</p> <p>“The CGP is one of the good viable intervention, but it is addressing the result of the root problem.. It would be better to do interventions on prevention of HIV/Aids, those are viable program that would help in the reduction of OVC. We have an alarming increasing rate, we should pump in resource at grassroot level were most stigma is, many people don’t want to go for testing, pregnant women don’t go to clinics. We could add some HIV prevention on the child program in our new concept note. The EU didn’t fund enough HIV/Aids, they should begin to think and plan to pump more resources in prevention. The CGP cannot be sustainable without the prevention because we will just have an increase of cases (bigger caseload)”.</p> <p>If it was not for UNICEF focus on children, NGOs feel they could have done a project with elders who are many times in charge of children. WVI is doing saving groups that involve old people, livelihoods strategies and home garden. “We need to look at alternative to CGP on other groups and the root causes. We need to reduce the trend the way it is.”</p> <p><i>Source: MN 405, 407</i></p>
Productive Safety Nets	<p>The collaboration between EU and WFP has not been strong. According to WFP, it was both way, WFP may not have been able to reach sufficiently to the EU and the EU may have been too exclusive in their partnership with UNICEF. Several factors could explain this: a) WFP get funding from ECHO may excluded them from development support, b) the EU may have viewed WFP as only humanitarian (WFP has moved from food aid to food assistance under which it has development programs). The achievement of EU, UNICEF, WB is that they came up with the protection strategy, to structure social protection and safety nets because the previous safety nets were not implemented in an integrated manner. The school feeding for example and bursary system were not coherently implemented. The EU helped design the life course approach in the social protection strategy. The EU could have diversified its assistance and supported WFP to do the productive safety net with DevCo though. The focus on the cash grant for children was not the only entry point, elders could have been addressed because they are target group for WFP Cash For Assets activities (NB: as it seems the pension fund wouldn’t be sufficient to address their needs) .There was a WB mission in November 14 following which WB, WFP and FAO are looking at how to move to productive safety net activities. The advantage of the social protection strategy is that it has identified the niche where others (than UNICEF) can intervene by outlining the shocks in the life cycle.</p> <p><i>Source MN 403</i></p>
<b>I 3.4.5</b>	<b>Moving EU support from supporting expansion of W&amp;S infrastructure to SBS focusing on sector management responded to a shift in national constraints to and opportunities for economic development</b>
	The shift to SBS was imposed by the EU and not explained to the water sector stakeholders. It was not inspired by a shift in national constraints or

	opportunities for economic development.
<b>I 3.4.6</b>	<b>BS specifically targeted reforms that could address the challenges faced by GoL in implementing its national strategy</b>
	BS mostly targeted PFM improvements, industrial development, road maintenance, education, health and social protection. There were no specific reforms involved except for PFM reform (assistance in design and implementation both in 2006-2008 and 2012-2013).
<b>I 3.4.7</b>	<b>The EU had a clear vision of the potential for NSA to contribute to overall cooperation goals in Lesotho and what required to be done to realise this</b>
	Evidence from meetings with NSA and from EUD sources confirm that the EU has a very good understanding of the strengths and weaknesses of NSA (both international and indigenous), in both advocacy and service provision roles. For example it made the decision to support Lesotho Council of NGOs given the benefits of enhancing the performance of an over-arching institution. In addition requiring NSA to collaborate together to win grants, has been a rational move to try to ensure the NSA based up-country and away from Maseru can also benefit from EU funding to NSA.  <i>Sources: various MN and DDNSA NSA call for proposals valuation document.</i>
<b>I 3.4.8</b>	<b>Views of stakeholders on the appropriateness of identified needs and challenges and on the priorities chosen with respect to these needs and challenges</b>
	The main issue that emerged from the interviews was that the EU didn't do anything about supporting PSD. A second issue that emerged was the fact that the EU didn't do anything about the connexion with SA mining: mines of SA is part of political economy analysis but nothing was done by the EU there.  <i>Sources: MN45, MN15, MN80</i>
Food aid	ECHO support to the WFP EMOP 200367 is a contribution to a program that emanates from the consensual perspective on needs drawn by the processes of undergoing a VAC assessment and a PDNA.
	With regards to the Basotho counterparts, interviews showed clearly that they had no say in the choice of focal sectors and that there had been very little coordination and/or consultation (at least with the admittedly few departments visited during the field mission). This was also the case for the 11 <sup>th</sup> EDF where even the DEU was at a loss to explain the choice of focal sectors. Some important departments ought at least to have been consulted such as the Ministry of Planning's Aid coordination and management Unit or the Ministry of Finance's budget unit. It is possible that the programming discussions were led at a much higher, political level, but technical levels (directors) would have yielded important information (including capacity of beneficiaries to absorb and implement programmes).  <i>Sources: MN68, MN44, MN18, MN24, MN5, MN77</i>
<b>Information sources</b>	
Programming documents (CSP/NIP 10 <sup>th</sup> and 11 <sup>th</sup> EDF) Action Fiches and Financing Agreements Evaluations (CSP, programmes, projects) National development policy Relevant sector development policy Sector analysis Diagnostic studies (general and sector) Interviews with stakeholders	

Analytical methods
Intervention logic analysis Documentary analysis Exploitation of interviews

**EQ4 on Social Protection**

**To what extent has the EU contributed to human development through supporting the development of appropriate social protection measures in Lesotho?**

**Level**

Effectiveness and sustainability.  
The analysis will look at the input, output and outcome levels.

**Justification and scope of the EQ**

Ensure that growth in the economy translates to improvements in the quality of life for all citizens is a key challenge in Lesotho which faces social problems such as poverty, unemployment, food insecurity and HIV/AIDS. The 2013-2022 National Social Protection Policy identifies 12 policy priority areas which are poverty reduction, gender equality, substance abuse, family preservation, rehabilitation of offenders, the protection of older people, children, youth, people with disabilities, people affected by disasters and people affected by HIV/ AIDS.

HIV/ AIDS particularly has contributed to a high mortality rate amongst working age people, and has had severe consequences at household and community levels. In order to assist Lesotho facing the consequences of the HIV/AIDS pandemic, EU included support to Orphans and Vulnerable Children (OVC) as a focal area in the 10<sup>th</sup> CSP and quickly moved its support towards a more holistic approach towards social protection.

This support has been facilitated through UNICEF as implementing partner, encompassing the development of strengthened needs assessment of vulnerable populations, the development of an integrated database to facilitate a joined-up approach, institutional capacity development to ensure that responsibilities are clarified, and the adoption of new legislation to facilitate a national on-budget response rather than a donor funded and driven approach. In this regard Lesotho is regarded as something of a pathfinder amongst countries of similar levels of income and size, and is prioritizing social protection in its national budget following a regional trend (Namibia, Botswana, Zambia, South Africa, Malawi, Mozambique). It is to be noted that ECHO has also supported productive social protection schemes (Cash & Voucher project implemented by WFP) for community disaster risk reduction (DRR) and Resilience and the complementarity between the EDF and ECHO funded operations will be reviewed.

This journey is ambitious, and the EQ is therefore similarly challenging, in terms of its wide range of DAC criteria (coherence, coordination in addition to the effectiveness and sustainability criteria mentioned above as the main focus of the question). Although the EQ addresses the sustainability (affordability) issue raised by a nationwide implementation of the protection system, it avoids addressing global impact because much of the work has been either at policy level or at pilot level, benefitting a relatively small number of households (30,000 to date for the OVC project), besides attributions issues that have to be considered. However, to the extent that impact studies have been undertaken are available, the impact of the scheme of the beneficiary population will be assessed.

This EQ will this mainly focus on the contribution of the EU support to the achievements in terms of social protection: analysing in what way, and to what extent, EU support contributed to increasing the access to and use of education and health services by the vulnerable population, including in particular OVC and households with HIV/AIDS victims. To this effect, the questions will assess, in line with J.Mayne's approach to contribution analysis<sup>4</sup>, to what extent EU support has been instrumental in causing the changes identified in the quality and scope of social protection in Lesotho.

The EQ proposes to cover the following issues:

- (i) identification of the changes in Lesotho's social protection system over 2008-2013 (JC 4.1);
- (ii) analysis of the EU's programme, notably the safeguards built into the system to ensure that cash transfers were indeed targeted towards and received by the most vulnerable families (JC 4.2), that these transfers were then used to facilitate the use of social services, and resulted in

<sup>4</sup> See the 6 step approach developed by John Mayne in 'Contribution analysis: An approach to exploring cause and effect', in ILAC Brief 16, May 2008.

	<p>an increased use of education and health facilities by vulnerable people and their increased resilience to risks (JC 4.3);</p> <p>(iii) the identification of other social programmes including initiatives by other donors/NSA and their complementarity/cross-fertilisation with the EU funded cash transfer programme in order to better apprehend the specific contribution of the EU programme (JC 4.4);</p> <p>(iv) the extent to which the EU cash transfer systems were designed in a way that enabled easy upscaling to a national level social protection system and the extent to which the evolving approach of the EU (moving from project to budget support approach) facilitated the Government taking responsibility for the funding and the running of the social protection system (JC 4.5).</p> <p>Overall, and at each stage of the analysis, the likely contribution of the EU to the design, outputs and outcomes achieved will be assessed.</p>
Preliminary Judgment Criteria and indicators	
<b>Judgement criteria (JC)</b>	<b>Indicators (I)</b>
<b>JC4.1 EU support was instrumental in the paradigm shift whereby Social Protection evolved from stand-alone initiatives to a national social protection system</b>	
<b>I 4.1.1</b>	<b>Number/type of main social protection measures and initiatives during 2008-2013</b>
CGP	<p>At the inception of the CGP, Lesotho already benefited from a range of legal instruments to protect children, such as</p> <ul style="list-style-type: none"> <li>- Lesotho National Strategic Plan for Orphaned &amp; Vulnerable Children (2005)</li> <li>· Lesotho Costed National Action Plan for Orphaned and Vulnerable Children (2006)</li> <li>· National HIV and AIDS Strategic Plan 2006-2011 (NSP)</li> </ul> <p>The Government of Lesotho's (GoL) "Vision 2020", complemented by the National AIDS Strategic Plan (1999, revised 2009) and the National OVC Strategic Plan 2006-2010 places an emphasis on addressing children's needs, in particular Orphans from the HIV/AIDS pandemic.</p> <p>The Lesotho National Social Protection Strategy (2014) which development was strongly supported through the CGP project to articulate the recent National Social Protection Policy NSDP, is the most representative achievement indicating that the GoL is embracing a National Social Protection System drawing from the experiences from existing schemes and the CGP. It has been followed by a full costing simulation exercise in 2014 to identify the most cost-efficient options.</p> <p>Another sign of government uptake on Social Protection is that according to the CGP PIF, the CGP to have been expressly mentioned in the budget speeches and discussed in Parliament.</p> <p><i>Source: Lesotho National Social Protection Strategy (2014), Lesotho NSPS microsimulations and costing</i></p>
<b>I 4.1.2</b>	<b>Evidence of evolution of National policies and strategies with regards to the protection of vulnerable groups 2008-2013</b>
	Addressed in the other indicators
<b>I 4.1.3</b>	<b>Social protection measures targeted the needs of the most vulnerable and had been critically assessed against alternatives (entry points and non-contributory versus contributory schemes) for their effectiveness in reaching desired social outcomes</b>
CGP	<p>The WB report "a Safety Net to End Extreme Poverty" 2013 make a case for Social Protection in Lesotho, recognizing the high level of inequality for which safety nets can contribute to protect the consumption of the poorest at the food poverty line. However it points out that the current package (including the CGP), currently misses some important aspects of poverty such as seasonal poverty and malnutrition (p XV).</p> <p>The study examined all 10 programs that transferred money or in kind assistance to households which jointly represent the range of social</p>

protection/safety net measures put in place by GoL and partners (even if not explicitly referred as such) to find out their value for money. This critical study for informed decision making on the most suitable safety net instrument to choose from was therefore not available during the programmatic period covered by the evaluation. While the results of this study can be used to shed light on effectiveness and possible alternatives, it is to keep in mind that at the time of design and implementation, the EU had to rely on a theory of change approach and a pragmatic seizing of windows of opportunities. Besides, agencies mandate perspective may have prevented the identification of alternative entry points. For example the focus of UNICEF on children may have been the main criteria for the selection of OVC especially considering that existing transfer mechanisms for example for the Elders in the Old Age Pension or People living with Disabilities under the Public Assistance program could have been explored. Another possible hindrance may have been GoL perception on some of its programs and acceptance to review (especially on possible corruption grounds for the pension funds), as existing social protection schemes were not need based. However, the assessment of the scope of EU support for productive safety nets (contributive) compared to non contributive social protection programs was overlooked. As ECHO funded the Flood emergency response in 2012 and supported the Cash for Asset program from WFP (covering a large proportion of elders and aiming at building DRR assets), it is likely that the EC perceived all productive safety nets as rather humanitarian interventions than development ones, thus preventing considerable portion of money to be attributed by DevCo.

Nevertheless, recommendation from the study suggest a national social protection/safety net package of interventions consisting of a) cash grants programs b) public works program c) Agricultural Input Fairs. The EU support therefore placed emphasis on only one aspect (the non contributive cash grants programs) of the package while a system unifying the three in a coherent way is what is preconized now by the WB, the GoL National Social Protection Strategy and Ayala Co Integrated SSN in Lesotho Final Design Proposal 2013.

The WB study p50 confirms that the CGP could be an appropriate basis on which to build a general cash transfer program for all destitute, provided its targeting mechanisms would be revised (a mix of Proxy Means Testing PMT with community targeting and categorical targeting). The use of conditionalities would need careful consideration taking into account the supply side of the public services in education, health and nutrition (p50). The development of the national Information System for Social Assistance (NISSA) is also considered a prerequisite to move towards a national targeting system in support of an harmonization of Social Protection SSN Programs. At a minimum, the NISSA could play the role a unified database (national registry) which would enhance coordination and coverage (WB SSN report p23).

In terms of effectiveness of the CGP, OPM draft Impact evaluation follow-up 2014 report indicates that the program contributed to an increased level of expenditures on food and non-food basic items such as material for schooling. Nevertheless it was not possible to conclude that the CGP had a statistically significant impact on poverty at this stage (OPM evaluation report pvii).

A comparison on the effectiveness of the different SSN programs is rendered vain at this stage given the lack of information on targeting performance (WB Lesotho safety Net report 2013 p 102). However, it is to note that except for the school feeding program, none of the programs reaches more than 5% of the very poor (WB study table 21 p88), the CGP being reported at reaching 1.5% population and 3.9% of the very poor in 2011. However improved implementation procedures and prospects of national expansion may significantly raise the % of the very poor reached.



	<p>As a comparison the School Feeding Programme is less effective with 60% of the benefits going to non-poor households (pxiii).</p> <p><i>Source: WB report “a Safety Net to End Extreme Poverty” 2013, GoL National Social Protection Strategy, Ayala Co Integrated SSN in Lesotho Final Design Proposal 2013, OPM draft Impact evaluation follow-up 2014,</i></p>
ECHO	<p>The effectiveness of Food for assets or cash for assets programming (as productive safety nets) has not been assessed and the experiences such as EMOP 200367 are very limited in time and funding.</p> <p><i>Source: EMOP 200367</i></p>
CGP	<p>It took almost 3 years for the CGP to really take up. The original conception was that the government would manage the grant and deliver the money. It happened now because WVI helped launch the process and especially enabled the roll. In the beginning CRS and Care asked the EU not to be fundamentalist (exclusively funding UNICEF ) in their support in Social Protection and fund them. They wanted to try to build on the pension system, which is universal, with regular (monthly) payments and well organized. Elders could have been a better entry point than children, but if and NGO such WVI would have done it, they wouldn't have had the same political leverage or coverage as UNICEF. Another entry point was WFP food security and nutrition support to people with HIV/Aids and ARVs.</p> <p><i>Source: MN 406</i></p>
CGP	<p>The CGP does prevention, it does mitigation. Therefore, the EU could invest in prevention at community level that is the direction in which UNICEF is going now, looking at referral mechanisms that will include referral to health, nutrition, HIV prevention and others.</p> <p>UNICEF do not see assistance to the elders as another entry point because of the universal pension scheme, which is an individual targeting program (NZ: informants seem to believe that informal workers have a right to the pension fund as well but it is not clear whether they are empowered to claim it and how much it covers the needs in the country side, given the high number of seniors in WFP CFA projects. Actually the 2014 NSPS simulations states that in the HBS 2010 survey “A number of households containing a person aged 70+ either did not report receipt of the Pension or reported receipt of a pension amount significantly less than what might be expected.). It also points out that there are child headed HH in need of assistance even if the majority of the OVC (and especially the orphans) are taken care of by elders. UNICEF also builds on the Convention on Child Rights.</p> <p>According to UNICEF, the pension fund is distributing cash but doesn't have a system. They use banks is losing money in the process and there is no governance system. UNICEF studied the different delivery mechanisms, and are pushing for the CGP to be used for other type of transfers such as for distribution for agricultural support with FAO.</p> <p><i>Source MN 401</i></p>
I 4.1.4	<p>Evolution of social protection measures into evidence based programming providing a suitable platform for expansion to a sustainable social protection system, including:</p> <ul style="list-style-type: none"> <li>• EU supported the drafting and publication of the National Social Protection Strategy</li> <li>• EU/UNICEF policy dialogue pushed for a national approach to setting up a SPS</li> <li>• EU supported social protection measures outside the strict support to OVCs</li> </ul> <p>Number of EU supported evaluations that provided with lessons learnt to</p>

	build a national social protection system
	<p><u>Summary:</u> The social protection sector in Lesotho encompasses non contributive cash transfer schemes addressing the most destitute such as the CGP or Pension Funds, contributive schemes for able bodied vulnerable often set up to respond to cyclical crisis such as Food and Cash for Assets and Public Works Program, Till recently those schemes co-existed without any linkages, cost-efficiency and effectiveness considerations and used up a large portion of the public spending budget. EU partnership with UNICEF in supporting GoL to pilot the CGP program facilitated the emergence of a new government body, the MoSD, to increase further the visibility of social protection and GoL ownership and resulted in the engagement to develop a NSPP and NSP strategy that foresees the emergence of a comprehensive national social protection system. Efforts in establishing a common database called NISSA, the testing of complex combined targeting methodologies and the analysis of budget implication of the social protection sector development are really taking shape now. The evaluation period can be considered of setting the stepping stones to come up with the current level of maturity that can finally design a Social Protection Agenda.</p> <p>Emergency support such as Food for Work/Assets for disaster affected population was provided through emergency funding channel (ex WFP EMOP) and of short duration despite the objective to upgrade the work component as a contributor to DRR, asset building and resilience. Nevertheless there has been no attempt to develop such initiatives into a productive safety net.</p>
CGP	<p>The evolution of the EU involvement in social protection has been pragmatic and drawn by the seizing of windows of opportunities. The EU didn't have a masterplan but saw a space for improvement on policy lines and went to the concrete. From the OVC pilot the EU integrated the system and policy level discussions. Such an approach shouldn't be underestimate that approach, because sometimes when big plans come up they don't get implemented. Often beautiful policies are not followed up by their implementation. In this sense the CGP has been like a trojan horse, a catalytic element that created interest and made people believe in something (social protection) on which something bigger could be built. A lot of credit needs to be given to the ministry of social development and some good individuals that it employs. MN 402</p>
CGP	<p>The EU has been really pushing for the social protection agenda through its focal point. With a huge portfolio (covering justice, social protection is amongst other), she invested time on weekly basis with the ministry to discuss social protection. Source: MN 402</p>
HIV/AIDs	<p>The linkages between health facility and community is not supported, and the government has difficulties problem to take it up, including the lack of staff in the field. It is important to focus on looking at the continuum of care. Linkages and the referral system need support. The implementers are the community based organizations, the UN does only the oversight (manages the reporting). Those are local NGOs through NASSO, the religious consortium of leaders, network of people living with HIV, the medias (that have not been supported to institutionalize the prevention and telling stories) and traditional leaders. Efforts need to be placed in social mobilization and demand creation (reduce GBV, request ARV). The EU should then support the NGOs and medias in the matter as well as facilitate private sector involvement. In the absence of a national Aids authority, the EU should perform advocacy to</p>

	<p>ministry of health.</p> <p>“The CGP is one of the good viable intervention, but it is addressing the result of the root problem.. It would be better to do interventions on prevention of HIV/Aids, those are viable program that would help in the reduction of OVC. We have an alarming increasing rate, we should pump in resource at grassroot level were most stigma is, many people don’t want to go for testing, pregnant women don’t go to clinics. We could add some HIV prevention on the child program in our new concept note. TheEU didn’t fund enough HIV/Aids, they should begin to think and plan to pump more resources in prevention. The CGP cannot be sustainable without the prevention because we will just have an increase of cases (bigger caseload)”.</p> <p>If it was not for UNICEF focus on children, NGOs feel they could have done a project with elders who are many times in charge of children. WVI is doing saving groups that involve old people, livelihoods strategies and homegarden. “We need to look at alternative to CGP on other groups and the root causes. We need to reduce the trend the way it is.”</p> <p>Source: MN 405, 407</p>
CGP/Resilience	<p>Resilience is catching up on an institutional basis in Lesotho (nb following the Resilience Framework and the inter-agency DRR capacity assessment). During 2014, Lesotho hosted a consultation on Resilience, DMA invited ministry of planning and other ministries, around got 300 people came from across the country, including district administrations. It is thus very timely to bring a new dimension to Social Protection. The WB is planning to support a social safety net program. The African Risk Capacity is also going to be used as a scaling up of cash transfer mechanism with government and world bank. The EU has facilitated the emergence of these initiatives by a) improving the capacity , reducing the poverty of vulnerable and institutionalizing the cash transfer use b) the NISSA, because it develops a culture of participating and sharing on how to identify people. It enables to move from political attribution to targeting, giving legitimacy to the use of cash and checks and balances.</p> <p>Source MN 410</p>
Productive Safety Nets	<p>The collaboration between EU and WFP has not been strong. According to WFP, it was both way, WFP may not have been able to reach sufficiently to the EU and the EU may have been too exclusive in their partnership with UNICEF. Several factors could explain this: a) WFP get funding from ECHO may excluded them from development support, b) the EU may have viewed WFP as only humanitarian (WFP has moved from food aid to food assistance under which it has development programs). The achievement of EU, UNICEF, WB is that they came up with the protection strategy, to structure social protection and safety nets because the previous safety nets were not implemented in an integrated manner. The school feeding for example and bursary system were not coherently implemented. The EU helped design the life course approach in the social protection strategy. The EU could have diversified its assistance and supported WFP to do the productive safety net with DevCo though. The focus on the cash grant for children was not the only entry point, elders could have been addressed because they are target group for WFP Cash For Assets activities (NB: as it seems the pension fund wouldn’t be sufficient to address their needs) .There was a WB mission in November 14 following which WB, WFP and FAO are looking at how to move to productive safety net activities. The advantage of the social protection strategy is that it has identified the niche where others (than UNICEF) can intervene by outlining the shocks in the life cycle.</p> <p>Source MN 403</p>
CGP	<p>In the implementation arrangement, UNICEF is doing technical assistance and the EU provides the funds, however there is a shared responsibility in</p>

	<p>regards to advancing social protection and advocacy. UNICEF and the EU engaged with the government for the government to take over the project on a regular basis. UNICEF and EU are going together to most events. As an example, in 2013, in the CGP steering committee that comprises notably government, EU and UNICEF, they always reminded government to take over the program. As a result of the technical meetings (where EU doesn't attend), UNICEF organized an advocacy meeting, there was also a breakfast meeting in 2013 with government where EU did a speech on Social Protection and engaging the government. There were many more interventions, and bilateral meetings in the course of the project. The most important element is the signing of an agreement for government to take over (description of action in the project document). The social protection strategy discussion came even in the planning stage of the project.</p> <p>The WB has been in Lesotho since 2012, and as a result of UNICEF advocacy did a review of safety nets in 2013 which was a milestone adding on what the EU has invested in. UNICEF then agreed to support the social protection strategy together with WB complementarily to EU investments (EU focusing on the CGP and WB on other social safety nets). The EU goes to the ministry asking talking points from UNICEF. It is not only on the social protection strategy that was supported by EU and UNICEF but also the child protection strategy.</p> <p>Initially, the CGP was not aimed to be a social protection system but it has steered the possibility of having now a systemic approach. It was the social protection mechanism addressing really the poor. The policy has thus come to structure what exists rather than the reverse. GoL now see social protection as a driver for development.</p> <p><i>Source MN 401</i></p>
<p><b>JC 4.2 EU design of support measures for OVCs encompassed appropriate systems for identification and targeting, verification and possible referrals which have showed potential to support the implementation of a national social protection framework</b></p>	
<p><b>I. 4.2.1</b></p>	<p><b>Evolution of identification systems of vulnerable people in Lesotho 2008-2013</b></p>
<p>CGP</p>	<p>The Lesotho National Social Protection Strategy estimates that in 2010 more than 34% of the Basotho population lived below the food poverty line of USD 0.61 per day.</p> <p>Prior to the development of the Strategy, social protection actors including the EU struggled to integrate in a coherent set of programs the different needs of the poor population which the World Bank classifies in 3 socio-economic groups a) truly destitute people in need of regular cash transfers, b) people in need of cyclical/seasonal assistance, and c) people who could be raised out of poverty with other forms of access and assistance.</p> <p>The Lesotho NSPS developed a framework to address the “Life-course vulnerabilities” recognizing a range of vulnerable groups such as pregnant women and infants, disable people, elders, working age people affected by seasonal crisis, etc.</p> <p>Nevertheless, a category targeting is insufficient as the above groups may not be disproportionately poor and an additional targeting process is needed to identify them, such as PCM and HEA. This conclusion was also drawn by the CGP Phase I evaluation by OPM (p18).</p> <p>Rural poverty rates are more than double than in urban areas as per the WB (out of 2010/11 HIES). Besides this difference, there is no clear geographical pattern to poverty especially when considering the multi-dimension of poverty (see DRMT/Nadia Zuodar Resilience Framework Power Point presentation mapping of priority sectors by districts).</p>

	<p>The CGP addressed group a) while ECHO emergency support for people affected by floods (WFP EMOP200367) assisted group b). There has been little reflexion on group c), linkages between WFP Cash for Assets programs with developments programs such as UNDP grants for business development or the Integrated Watershed Management Public Works Program were either not thought of by design, or not funded (see Nadia Zuodar Lesotho Resilience Strategic Framework 2014 on areas to strengthen linkages and coordination as well as the concept of intervention packages).</p> <p><i>Source: Lesotho National Social Protection Strategy, WFP EMOP200367, Nadia Zuodar Lesotho Resilience Strategic Framework 2014, see DRMT/Nadia Zuodar Resilience Framework Power Point presentation, OPM Phase I evaluation, WB SSN</i></p>
CGP	<p>Phase I of the CGP enabled the design of necessary tools such as SOPs, MIS, joint M&amp;E with DSW, baselines,...While those tools are living instruments that necessitate regular revision, it is important to realize that cash transfer programming is relatively new and the initial years of the project, few similar instruments existing, as is now available on CaLP website.</p> <p><i>Source: CaLP website</i></p>
	<p>Further information on Census versus target based registration for the NISSA and linkages with VAC is presented in other indicators.</p>
I. 4.2.2	<p>The targeting methodologies and technological support (database) were reliable, equitable and viable for effective upscale and extension including:</p> <ul style="list-style-type: none"> <li>• Percentage of inclusion error</li> <li>• Percentage of exclusion error</li> <li>• Census Coverage of the database</li> <li>• Geographical coverage</li> <li>• Existence of Cost-feasibility analysis to roll out the system NISSA</li> </ul>
CGP	<p>The targeting for the CGP is elaborated and uses a census through the NISSA as a base. It then using a mix of proxy means test (PMT) in order to identify the ultra-poor and very poor households and is validated by community level Village Assistance Committees. The complexity and labor intensive process may become a hindrance when looking at the possible creation of a unified non contributive social protection program. It is nevertheless difficult to imagine a simplified process that would remain with low margins of targeting errors. The establishment of this criteria is the result of an iterative process as for the non contributive schemes, prior to the CGP, targeting was mainly based on categories. The different evaluations that took place over the course of the CGP enabled a refining of criteria at least for this program.</p> <p><i>Source: OPM</i></p>
ECHO	<p>To identify beneficiaries, WFP uses a combination of geographic targeting (annual Lesotho Vulnerability Assessment Committee) and vulnerability criteria (for the 2011 a PDNA also took place)(WFP EMOP 200367 document).</p> <p><i>Source: WFP EMOP 200367 document</i></p>
CGP	<p>In the span of less than 5 years, the CGP has enrolled 20000 beneficiary households (50 000 children) to which it is providing payments till now. Up to 2012, the program operated in 5 of the 10 districts (21 out of 128 community councils using the old demarcations) and reached almost 10,000households. The phase II of the program plans for the expansion to cover all of the 10 districts (in 22 of the 65 community councils). It targets 52500 Households and 157500 OVC (as per consolidated figures from OVC2 Annex 3).</p> <p>From April 2013, the transfer value was indexed, to cover 21% of household</p>

	<p>monthly consumption instead of the 14% initially designed (OPM evaluation report p v).</p> <p>As an emergency response to the poor harvest, a Food Emergency Grant was disbursed to CGP beneficiaries in 2012-2013 in addition to the CGP grant which showed a positive triggering of the CGP to address crisis.</p> <p>Inclusion errors were estimated at an acceptable rate of 26% showing that the targeting system (using means test and community validation) was effective (OPM evaluation report p vi). However, there is a need to address the challenges posed by the PMT formula as described by Pellerano and all (2012) especially on the reliability of data that it collects.</p> <p><i>Source: OPM evaluation report, Pellerano and all (2012), OVC2 Annex 3</i></p>
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CGP	<p>“In the short period UNICEF has been working on the CGP, the growth has been phenomenal, in 5 years with a pilot from nothing, you have a ministry that was created for social development, taken out for health. And that program had a role in that, and it gave them the muscle.</p> <p>It is not materialized yet because we have 30 000 HH in the CGP, it is growing, it not a small amount of people in Lesotho, the system is being developed robustly. We shouldn't be cynical with anything we do. The other day we had the UNCT retreat, the indicators for Lesotho are appalling (HIV/Aids, we are the second in the world, we cannot control the new infection rate). Look at economic side, political changes, but if there was a sector that was doing well, it was social protection. We could see good champions in that ministry of social development that can take big credit on that, and are committed. This is all because of the role of the EU, a lot of credit goes to UNICEF who is trying to consolidate the systemic aspect to it”.</p> <p><i>Source: MN 402</i></p>
CGP	<p>The EC involvement in the social assistance reform in support of the rollout of the NISSA on a census base is of concern. The NISSA is financially sustainable in the long run as it was done till now. OPM suggested a targeted approach, taking only a fraction of the population such as the poor, but not as a census. A census cannot be done regularly. OPM proposal doesn't seem to have been taken on board because in the new EDF, the EC is planning for a nationwide data collection.</p> <p>Having a more realistic approach by which the community to first select the</p>

	<p>poor and restrict the NISSA to them, then using a case management approach is more realistic. In OPM report it is proposed to have a first community exercise, then NISSA collection and then do a complaint system (on demand system). That would reduce the cost of NISSA operation significantly, especially for the maintenance. UNICEF put out some terms of reference to really design the community based targeting and then drew a tender for NISSA data collection this year (2014). Part of OPM work was to check if bureau of statistics would like to do the data collection, which would be the best option in terms of sustainability. It would depend less on external funding or contracting, thus there are real potential synergies with NISSA and bureau of statistics. For example the bureau of statistics already builds maps that could be used for NISSA data collection. And bureau of statistics has an interest as long as cost are covered. One of the big promise of the NISSA is that it would become a multisector instrument used by many ministries but then it needs to be held by another ministry than social development ministry, it should sit in an interministerial body (for example interministerial social protection body). Very few ministries know what NISSA is, unless bureau of statistics or planning commission or ministry of finance would adopt it. While most ministries don't know what NISSA is, those who know see it as a social development tool. Another option could also be to restrict NISSA to households who benefit from some programs and NISSA to be held by social development ministry only. It could be a push for decentralization and enable social workers to do the case management.</p> <p>It is felt that the EC got caught in this trap of having allocated fund for a nationwide data collection without looking at who is giving the continuity. At the beginning there is no doubt that a massive registration approach is needed because the social workers cannot cope with that. New posts have been created at community council levels though. In addition, without social worker individual case management, the program loses an important psychosocial support component.</p> <p>In urban areas the census approach will not work anyway, it would have to be demand based because you there is no community structure that is aware of who is who, the society is more segmented. The government is fine with it, but the tension is on the rural areas between the census and target based approaches. According to OPM, there is no political reason to have a census either. NISSA should rather cover 50 to 60% of the population focusing on poor households and then use the remaining money for adapting information on the time, strengthening social workers dialogue with households. In all cases, the shelf life of the census will be maximum 2 years, and in 2 years there is so much migration and mobility that it is very difficult to use and impossible to update.</p> <p><i>Source MN 404</i></p>
I. 4.2.3	<p>The targeting methodologies and technological support (database) has the potential to facilitate cross-sectoral programming, referrals and provides sufficient information for decision-making on individual cases, including:</p> <ul style="list-style-type: none"> <li>• Instances of referral capacity</li> <li>• Number of cross-sectoral data available through the NISSA</li> </ul>
CGP	<p>The current targeting of the CGP does not identify households with able-bodied member which may better benefit from productive schemes. It also doesn't assess whether OVC are being taken care from elders beneficiary of a pension. Besides, the inexistence of program addressing vulnerable elder who do not qualify for pension (the large majority who didn't benefit from formal employment) is a clear gap in needs analysis and targeting methodology. WFP cash for asset seasonal program actually comprised a high percentage of elders, which may have better benefited from combined approaches such as cash and livelihood support for less labor intensive activities. There were no sufficient developing programs presence or government program coverage</p>

	<p>(due to lack of resources mainly) in the most disaster affected communities to allow for referral for the seasonally affected population.</p> <p>The current information in the NISSA does not include at this stage information that would enable targeting via other ministries programs. Neither has there been to date any cross referral between programs under MoSD.</p> <p>The current negotiation on the NISSA data criteria and harmonization of targeting approaches may open the path although there is no significant experience in the matter as yet.</p> <p>In the past there has been no visible efforts to link different social protection interventions nor identify common criteria or develop referral mechanisms. On the contrary, the absence of a common database often meant duplication and gaps in programming.</p> <p>Source: Nadia Zuodar</p>
ECHO	<p>Cross feeding between WFP FFA program and the CGP or other social protection schemes didn't exist. No referral mechanisms have been designed so far and the NISSA didn't yet allow for collection on multisectoral data.</p>
CGP	<p>In terms of sustainability the more programs that are linked, the more efficient the program will become. The NISSA could become the platform for targeting for all. The information that is in the NISSA template, enables already to go a long way if to integrate multisectoral programs. NISSA is the screening and then there is still a need to go to the community to design the specific program, so you it can be adjusted then.</p> <p>Source: MN 402</p>
CGP	<p>NISSA is expensive but not as much if everyone uses it. They chose the district that had the highest percentage of poor population to start with the NISSA. When it expanded there were criteria for selection (including mountainous, etc, based on the poverty map) but one would need to introduce information back in the registry on benefits, which couldn't be done yet, but maybe is possible for the revised NISSA .</p> <p>Source MN 408</p>
<b>I. 4.2.4</b>	<p>Existence of a migration plan for the adoption of NISSA by government systems (covering different sectors)</p>
CGP	<p>As per ROM 1921426 p8: the National Information System for Social Assistance collected data on 102,000 households in Lesotho with 500, 000 persons in 37 Community Councils in Lesotho, depicting 25% of the total population of Lesotho. This registry has been used in mapping and targeting for the government social protection programme in early 2013 to respond to the food crisis in Lesotho.</p> <p>Source: ROM 1921426</p>
CGP	<p>The reliance of the VAM selection to identify beneficiaries for FFA/CFA activities does not facilitate a possible common data collection platform. Nevertheless, the need for setting up a harmonized system with consistent targeting and referral mechanism has been highlighted in the Lesotho Resilience Strategic Framework.</p> <p>Source: <i>Lesotho Resilience Strategic Framework</i></p>
CGP	<p>The wish is to use NISSA as a single registry. In 2013 for WFP EMOP the use of NISSA was included, and WFP tried to use it at district level, although it doesn't have a national coverage. As the NISSA was not complete at the time, WFP would like to test if it is suitable to collect food security data and include the DRR component. WFP would like to register not only the ultra poor but also the chronically food insecure. The LVAC is a tool that gather information according to vulnerability area, starting from the HH level. Now with the cash for asset, WFP uses the LVAC as a wider umbrella, but at HH level, NISSA</p>



	<p>can be used. WFP doesn't have any other relevant option for the HH level than NISSA. The food security and nutrition are in the questionnaire for the NISSA. Together with the WB, WFP is setting a priority WB to extend the coverage of NISSA. WFP reports several challenges, first is to have a full coverage, as happen in a census, another e is long term technicality given the little knowledge of the system, at the district level. As they are not really aware of how NISSA work, the main capacity elements at the local level are missing. When WFP work in DRR they do it through district structures, so more bottom up, while the database is still a central tool. In order to facilitate the decentralization to district level, WFP could consider also training the government in the NISSA in support to DRR areas and LVAC, possibly working with DMA to develop SOPs.</p> <p>The NISSA would be problematic if not done in realtime, as it is needed to be able to register new people on a yearly basis. It needs to be rolled out down to communities. Linking NISSA with the national ID card system would need to be validated, as beneficiaries still have to get ID numbers.</p> <p>Source MN 403</p>
CGP	<p>At the challenge with NISSA is that it is not gathering all the areas in the districts and it would need to have seating on a yearly update, because vulnerability changes. With the current plan to update only every 4 years the wrong people would be mapped and new vulnerable people excluded. Everybody is willing to tap in from NISSA even for food security activities. The problem is that it is a census. But to redo the census is not needed if the NISSA could be updated with the community and the VAC. Thus the VAC could be used on yearly basis to provide the update and then every 4 years do the overall.</p> <p>Source MN 407</p>
CGP	<p>OPM just completed (2014) a review of the NISSA, focusing on the shift from a project to a systemic approach. The NISSA cannot be used as it was. The NISSA review gives different options and recommendations, upon which it seems that the the government is taking the decision to outsource registrations to the private sector and no NGOs, using the ID system. The collection from NGOs is considered not reliable; there is a need to be aligned with the statistic system in the government. There are several capable companies, so there would be also independence from government.</p> <p>UNICEF is planning to add into NISSA a strong community mobilization component. The targeting is more accurate with stronger community targeting, and UNICEF is engaging the government to develop a new community targeting system. They will support them to develop tools and guidelines. The new NISSA model (NISSA II) will be used by next year (2015). NISSA is just a tool to support the integration, the potential for NISSAII will have 3 functions: coordination, registry, integration.</p> <p>Source MN 401</p>
<p><b>JC 4.3 The EU contributed significantly to meeting the needs of OVC through the CGP whereby Cash transfers were used for basic needs in education, food security and health resulting in enhanced resilience</b></p>	
I. 4.3.1	<p><b>Existence of monitoring and evaluation mechanisms of use of cash transfers</b></p>
CGP	<p>A robust evaluation strategy was put in place for the CGP with a baseline development in 2011. In phase I of the project, the non cash-transfer components (for example capacity building of community caretaker) did not benefit from solid M&amp;E system design and its impact was therefore not evaluated. However targets of phase I were mostly met and sometime overreached (in terms of number of beneficiaries) (OPM Phase I CGP eval p 30)</p>

	<p>Qualitative research showed that the message that the cash grant (which is unconditional cash) was to be spent on children was strongly relayed by social development officers, Village Assistance Committees (VAC) members, chiefs and the wider community providing a level of control (monitoring) on the use of the money by beneficiaries (OPM evaluation report p vii). This was confirmed by measures on the consumption level.</p> <p>Besides UNICEF numerous studies to OPM over the course of the pilot such as Impact evaluation (baseline survey started in 2011 with follow up in 2013), End of Phase I final evaluation (OPM empowerment of OVC 2012)</p> <p><i>Source: OPM Phase I CGP evaluation, End of Phase I final evaluation (OPM empowerment of OVC 2012)</i></p>
CGP	<p>Although outside the scope of this evaluation, the government is at the initial stages of piloting a conditional cash transfer program as part of the CGP with EU support.</p>
ECHO	<p>The M&amp;E system for FFA especially for impact measurement have been weak especially on the benefits of the assets created. The community and household surveillance (CHS) exercise that was originally required to provide outcome indicators could not be conducted due to political campaigns for May 2012 elections and security concerns that resulted in its cancellation.</p> <p>There was thus no impact study on WFP FFA program and the spill over of benefits from community work. It would be useful to explore this further in order to shed some light on the effectiveness of productive SSN versus non productive ones particularly in rural areas where socio economic differences are less easy to spot.</p> <p><i>Source: spr lesotho 200367</i></p>
CGP	<p>FAO worked closely with UNICEF on the evaluation of the CGP. With the results of the impact evaluation, it is believed that this evidence is what was needed to rally more ministries in adhering to Social Protection. It's the moment to push for more coordination amongst ministries.</p> <p><i>Source : MN 402</i></p>
CGP	<p>A concern on the pilot planning to support the social service (2014) by UNICEF is that it has no data collection, no baseline and no evaluation planned. There was an attempt to use OPM baseline for the pilot. One can question the labelling of pilot if the knowledge building/ transfer component is far too weak.</p> <p><i>MN 404</i></p>
CGP	<p>The LEWIE local economy-wide impact evaluation (LEWIE) of Lesotho's Child Grants Programme 2013 has been a very robust source of impact measurement and learning and possibly the strongest confirmation of the impact of the CGP in poverty reduction.</p> <p><i>Source: Lesotho LEWIE 2013</i></p>
Social Protection Strategy	<p>Both the NISSA and the social protection strategies have seen in 2014 strong costing simulation based on package options building on data gathered from the WB safety nets evaluation and the CGP evaluation and baseline studies.</p> <p><i>Source: LEWIE 2013, World Bank report – Lesotho: A Safety Net to End Extreme Poverty, No: 77767 LS, National Social Protection microsimulations 2014</i></p>
<b>I. 4.3.2</b>	<p><b>Coverage of basic needs (Nutrition &amp; Food Security, Education, Health) of CGP beneficiaries (children and households)</b></p>
CGP	<p>According to the WB, between 10-20% of the population is chronically food insecure and a high level of child malnutrition for a middle income country. Nevertheless, the EU did not support, nor is there a substantial safety net scheme to that addressed early childhood malnutrition (such as making cash</p>

	<p>transfers conditional on participation in growth monitoring, nutrition education, and therapeutic feeding). Besides, the EU support (through ECHO ) to seasonal food insecure population was punctual (2012), short term and thus did not contribute significantly in building resilience or assets despite efforts from partners such as WFP and sectoral ministries in Agriculture, Forestry and Environment.</p> <p>The CGP improved food security for children by reducing the number of months during which households experienced extreme shortage of food. Beneficiary households experienced some degree of food shortage in 8.5 months out of the 12 months prior to the follow-up survey. The CGP improved the ability of beneficiary households to access food throughout the year. The programme reduced by 1.5 the number of months during which households experienced extreme food shortage, and the proportion of CGP households that did not have enough food to meet their needs at least for one month in the previous 12 months decreased by five percentage points.</p> <p>However the gains on dietary diversity were mainly concentrated around pay dates (OPM evaluation report p vii). Besides the irregularities of the payment altered the effectiveness of the transfers on a number of sector and particularly on food security (OPM summary impact eval. P vii)</p> <p>OPM reports that food security gains covered both adults and children but that (p ix of impact evaluation) a significant reduction on food and health deprivation on children 0-5. (<i>Nadia Zuodar: health positive result may be mainly due to increase of birth registration as otherwise the link between CGP and access to health services was not observed</i>).</p> <p>OPM baseline study did not collect anthropometric information to assess child nutrition. Nutrition support during CGP phase I consisted in training Village Health Workers which resulted in the referral and/or assessment of 886 children out of 1977 (OPM Phase I eval p24).</p> <p>On an ad-hoc basis, the CGP was used to convey food security assistance (see under resilience).</p> <p><i>Source: WB SSN report, OPM Phase I eval, OPM summary impact eval</i></p>
CGP	<p>Data collected during post distribution monitoring for the FFA/CFA indicated that households used most of the commodities for consumption. Sharing food practices may have resulted in insufficient rations though.</p> <p><i>Source: WFP SPR 200367</i></p>
CGP	<p>The CGP contributed to an increased level of expenditures on schooling, clothing (including school uniforms) and footwear for children. It had a large impact on children's enrolment in school, particularly for boys which are one of the group most at risk for drop out. (OPM evaluation report). There was no evidence on a reduction on child labor.</p> <p><i>(Nadia Zuodar: a possible inference could be that the CGP enable poor household to enrol their children by providing for the school uniform and material, but was insufficient to compete with child labor obligations especially for pastoral activities).</i></p> <p>Phase I of the CGP addressed non financial barriers to education such as distance to teaching programs through the support to Lesotho Distance Teaching Center LDCT). While it seems that lack of school material and uniform was a clear deterrent for school attendance, the phase II of the program fails to provide an analysis of the barriers.</p> <p><i>Source: OPM evaluation</i></p>
CGP	<p>The CGP phase II did not have an effect on access to health facilities. The CGP did not have an effect on access to health facilities although it contributed to a reduction of morbidity for children 0-5 years old, the reason for which is maybe linked to better clothing protecting from cold and contracting of respiratory diseases (OPM summary impact eval p8).</p>

	<p>During phase I, despite the provision capacity building interventions, the project faced key constraints such as the lack of involvement of the MoHSW (opm phase I eval p 24). HIV prevention activities took place (unmeasured impact but outputs were reached). While these elements may be part of a different package under a separate health sector support program, <u>it is nevertheless concerning that no linkages were explored in Phase II. It is nevertheless a feature of the proposal designed by Ayala consulting for UNICEF and MoSD in January 2013.</u></p> <p><i>Source: OPM summary impact eval, OPM phase I eval</i></p>
CGP	<p>NGOs complain about the time it took for the CGP to take up. In their perception, whilst the EU and UNICEF were piloting around trying to supply a legitimate need to the children, 3-4 years were spent. But in the meantime a clearly identified need was missed out, and it was unnecessary if parallel and complementary support would have been provided to the NGOs to address the more immediate needs. “The project should have started a lot earlier, and many millions were spent before even 1usd reached the children. When we talk about sustainability, we tend to look at system sustainability and organization, sometimes we should rather try to create a sustainable child and focus on the child. The short term of how money is delivered and the best entry point should not overshadow to get the kids at the right place, loosing even 6 months of schooling sets them back for the whole year. “</p> <p><i>Source MN 406</i></p>
CGP	<p>UNICEF seems insufficiently concerned by the negative impact on food security created by the current cash transfers on a 3 months bases. They think that if they move towards government system they cannot transfer every month, and that many countries are facing the same problem (NZ: UNICEF doesn't acknowledge the fact that the pension assistance is reaching its beneficiaries on a monthly basis). It is important to design something technically possible though, otherwise payment will not be regular. For UNICEF, it is more important to be regular at least quarterly to get the predictability rather than do monthly payments. They consider that the monthly payment is not realistic in Africa for a government system, especially considering the need to have the reconciliation.</p> <p><i>Source MN 401</i></p>
CGP	<p>The government is working towards more integration. The purpose of the community development projects piloted by UNICEF is to look at how CGP link with public services, home gardening. It shows a better impact. UNICEF is considering conditional cash transfers for health.</p> <p><i>Source MN 401</i></p>
CGP and food security	<p>On food security, the CGP had a strong effect throughout the seasonality cycle but for the short time around the pay day. The frequency of payments have affected the food security. But as it was coupled with emergency response at some point, then there was still some positive effect on increase in production. From a broader perspective there is a study from FAO that estimates the effect on the local economy resulting from the child grant, taking into account the fact that this money is used locally and increasing the supply. It estimates a multiplier of 1.3 or 1.5 so for every dollar invested in the transfer, 1.5 dollars is being injected in the economy. Increasing the frequency of payments at least to become bimonthly would be better. OPM didn't look much into payment options but suggested to look at the harmonization of transfers and for example use the pension system (try a unified payment system).</p> <p><i>Source: MN 404</i></p>

CGP and Education	<p>On Education, there was an increase of enrolment for older boys that are still in primary, but they are the ones that are already late in their progression, the grant managed to keep them in school a bit longer. It confirms the point that without investment on the education side to make sure that children enter school at the right age, then the cash can do little. The grant did a difference on the capacity for HH to purchase uniforms and shoes, which are important for psychosocial dimension and was aligned with the message passed to use the cash for education. But the messaging could have been more strategic to increase the impact on the different sectors. For example , the grant could be associated with information packages on HIV, nutrition, influencing strategies on the demand side, which can create a different attitude towards public service provision. Basothos are a bit passive in regards to lack of availability of public services and the CGP could be used to tackle that.</p> <p>Source MN 404</p>
CGP	<p>Many of the children of the program are not going to school, because there was no penalty for children not going to school. That is why the pilot with conditional cash transfer is being introduced from 2014. The government and UNICEF initially didn't want penalty, but rather promotion. That didn't work. But on the other hand one needs to have the capacity for service provision, so the new version has supply capacity assessment. It could have been done in 2012 but the politics had to be aligned first, one needed to convince the institutions. Ayala consulting believes that the CGP will become a conditional cash transfer program in which benefits should be given as long as children go to school.</p> <p>Source MN 408</p>
<b>I. 4.3.3</b>	<b>Changes in levels of additional social protection benefits for children (such as child labour, abuse, discrimination, etc.)</b>
CGP	<p>CGP households relied from various income sources and were mainly not dependant on the transfers only (OPM summary impact eval p10). The CGP did not have an impact on the level of employment but occasional/irregular jobs engagements were reduced (OPM impact eval p X). The CGP possibly with the multiplication effect of the FEG increased beneficiary households' productivity in agriculture (no impact on livestock activities).</p> <p>Source: OPM summary impact eval</p>
CGP	<p>The strongest gap was in service provision. There may be no service provision or no quality service provision. If the family receive the grant but cannot use it for any health service or education it becomes very difficult for the family to meet their needs in these sectors. WVI tried to bring the services to family by piloting a project addressing this gap.</p> <p>On food security the disbursement of funds is still a challenge, the program is still having problems, the disbursement system is delayed. With an NGO it may be easier to transfer money while with a government it is more difficult, the money is first administered by ministry of finance and then have to go to ministry of social development. They are not disbursing on a monthly basis, the ideal as per WVI opinion is that it should be monthly, but because of the challenges of the process they are giving every 3 months. It is difficult for the people to manage these, the debts borrowing increase. The use of the money depends on the vulnerability level of the family, when the money comes the family is already having debts, the interest rate increases over 3 months. It is therefore not recommended for highly vulnerable household to receive on 3 months basis. It is a prolonged need. It doesn't strengthen their resilience. WVI wouldn't think increasing the cash grant would solve the problem either.</p> <p>Source MN 407</p>
<b>I. 4.3.4</b>	<b>Existence of graduation mechanisms/exit strategies</b>

CGP	<p>Prior to the Lesotho NSPS, no exit strategy was explored for the non-productive safety nets besides the obvious (majority for OVC, death for pension beneficiaries, completion of studies for third grade students,...). Till now, non-contributory safety nets are permanent entitlements, there is no mechanism to scale up or down in response to evolving fiscal conditions or changing needs (WB SSN 2013 report p21) .</p> <p>Linkages between programs have so far not been developed, or were only briefly funded, such as UNICEF-FAO pilot providing seeds to OVC households (in 2014), or WFP nutrition support to OVC (date?)</p> <p>It was not possible to conclude that the CGP had a statistically significant impact on poverty (OPM evaluation report pvii).</p> <p>For the WFP Food for Work program EMOP 200367, there has been so far no support from donors to refer to government programs and technically strengthen them or attempt to collaborate with UNDP GEF Global Environment Fund (resilience Strategic Framework p 97) on mechanisms that would enable supported community to qualify for the program (a grant to support community environmental preservation projects).</p> <p><i>Source: WB SSN 2013 report, OPM evaluation report, resilience Strategic Framework</i></p>
ECHO	<p>The potential for graduation and livelihood opportunities could be great for productive safety nets but a more robust design (with strengthen capacity building of the line ministry) and longer duration would be needed. It could also be envisioned to refer able-bodied CGP beneficiaries households to a form of CFA.</p> <p>According to the WFP SPR 200367 FFA activities included gully rehabilitation, creation of community woodlots and tree plantation with technical expertise from the Ministry of Forestry and Land Reclamation. In addition, through partnership with the NGO Send-A-Cow, a number of households benefitting of GFD in three centres in Quthing district,also received small livestock such as chicken and rabbits as a way to promote their livelihood.</p> <p><i>Source: WFP SPR 200367</i></p>
HIV/AIDs	<p>“Lesotho is regressing in terms of HIV/Aids, it is now rated as the 2 country in having most of the new infections. There are not many players in impact mitigation (only WB, EU and govt). But we need to address prevention. One area where we are not doing is in preventing new infection.”</p> <p><i>Source: MN 405</i></p>
CGP	<p>There is no exit strategy besides the child maturity, the theory behind that at the inception time of the CGP was to keep the family support till the child gets 18 so that the child can do basic high school and can find job.</p> <p>If the EU decides to continue, now it is the time, it is the moment to apply the best instruments they have as the program will really be effective now. One key part of this process is graduation, which is not in the program yet and the exit strategies. UNICEF was very generous to put children till 18 years old in the program. As an example, in Pakistan, HH benefit only until children turn 12. Those are decisions that the government has to make.</p> <p>Now the government is also looking for a blanket support to children between 0-2 years old.</p> <p><i>Source MN 408/404</i></p>
<b>I. 4.3.5</b>	<b>Changes in levels of poverty and individual and community resilience</b>
CGP	<p><u>Summary</u></p> <p>The use of cash transfer for the CGP was consistent with humanitarian and development objectives as the resources were prioritized towards children and</p>

	<p>contributed to a range of sectoral needs, from education to food security and possibly health in the sense of morbidity reduction. Access to public services was nevertheless insufficiently analysed as the transfer had no significant impact on access to health services (besides birth registration), nutrition or even for livelihood building (besides some improvements in agricultural productivity). Amount of the transfers and predictability put aside, the lack of non cash accompanying measures to support the public service or to condition their use by the beneficiaries is a key lacking feature. Unfortunately the exploration of such support in Phase I of the project doesn't provide much indication on its possible complementarity. A stronger analysis of barriers and entry points as well as more solid M&amp;E (for example to measure malnutrition levels) are needed and only financially possible if the CGP is doted with referral systems supported by a commonly used NISSA. The upcoming pilot on conditional cash is a step in the direction but may fail to address the capacity of the public service delivery.</p> <p>Exit strategies were not considered in the CGP and is a feature of the new NSP strategy and a feature to include in the design of upcoming interventions (with referral mechanism as well as livelihood support).</p> <p><i>Source: NSP strategy, OPM evaluation</i></p>
CGP	<p>Well-designed safety net programs can significantly reduce extreme poverty by raising the consumption of the poorest, building their human capital, while also enhancing their long-term productivity and linking them with the productive economy.</p> <p>OPM follow-up report established a baseline in 2011 to measure quantitatively impact at household level in 2013, including comparison with control groups. OPM evaluation reports that The CGP strengthened the informal sharing arrangements in the community (food). Households seemed more resilient and less prone to negative coping mechanism, however the grant did not enable productive investment of asset accumulation, nor was there any detectable pattern of saving behaviour.. Nevertheless the CGP possibly with the multiplication effect of the FEG increased beneficiary households productivity in agriculture (no impact on livestock activities) (OPM impact eval p X). It was also reported as a positive outcome that CGP beneficiaries qualified to obtain credit from micor-lenders.</p> <p>A good practice that took place during Phase I of the CGP was the use of the CGP to channel complementary assistance from WFP to respond to the food emergency. Assistance to the community was also done via WVI and MoAFSDM) (OPM Phase I eval p 24). <u>The use of the CGP and existing non contributive social protection schemes for emergency response have nevertheless been on ad-hoc basis and are worth further exploring. Collaboration between the now MoSD and MoAFSDM have not been substantially engaged and may be a good orientation for the future and strengthening resilience programming efforts.</u></p> <p>Productive safety nets such as WFP food for asset program EMOP 200367 in 2012 funded by ECHO contributed to building both community and individual resilience to shocks through the restoration/construction of assets (in 2013 DFID funded a Food and Cash for Asset project with similar focus on DRR and resilience EMOP 200499. The UNDRMT resilience framework (Nadia Zuodar 2014 p30) points out to the necessity to extend the duration of such assistance in order to consolidate the results. A package of interventions should link emergency response with early recovery and development in order to pursue the community mobilization and stand a better chance for sustainable results.</p> <p><i>Source: OPM evaluation, Lesotho Resilience Strategic Framework, OPM Phase I eval</i></p>
CGP	Activities under FFA were designed and aligned with ongoing government

	<p>initiatives aimed at improving the country's capacity to manage disaster risk and create a safety-net to address chronic food insecurity. Nevertheless, the ministry did not have sufficient resource and capacity for a hand over to be effective. Delayed contributions and the short duration of the project resulted in some of these activities, such as the land reclamation work, not being fully completed. WFP intended to use its upcoming five year country programme for continuity of the community projects but challenges in funding meant that this was seldom the case. The absence of LRRD, the Ministry of Forestry and Land Reclamation did not have sufficient resource and capacity for a hand over to be effective. The duration of the projects was too short to have a lasting impact on resilience.</p> <p><i>Source: WFP SPR 200367, WFP internal report during DFID visit 2014</i></p>
CGP	<p>As per the Lesotho LEWIE 2013 study, it was shown that higher spending immediately transmits impacts from beneficiary to non-beneficiary households inside and outside the treated villages. The CGP impact simulations indicate total impacts that significantly exceeded the amounts transferred under the programme. The Monte Carlo methods used in the LEWIE analysis made it possible to place confidence bounds around estimated multipliers. The 90% confidence intervals on nominal income multipliers lie well above 2.0, indicating significant positive spillovers from transfers.</p> <p>Thus the ineligible households within the treated clusters did not receive the transfer, but they benefited from positive spillover benefits. Their nominal income increases by 3.59 million LSL and income multiplier (0.33).</p> <p>These findings raised questions about how we should measure the impacts of cash transfers, which include effects on the non-treated groups. They revealed that evaluations focusing only on the treated households are likely to significantly understate programme impacts because of general-equilibrium feedbacks in local economies.</p> <p>By stimulating demand for locally supplied goods and services, cash transfers have productive impacts. However, these effects are found primarily in households ineligible for the transfers. This finding is not surprising, given that the eligibility criteria for the CGP favor asset and labor-poor households. The LEWIE evaluation underlined the importance of a high local supply response in generating positive spillovers. Factor and liquidity constraints limited the ability of local households to increase the supply of goods and services in response to the new demand that transfers generate. However, this resulted in a greater likelihood of price inflation. Inflationary effects of decrease if labor is readily available, households have the liquidity to purchase intermediate inputs, and capital constraints on production are less binding.</p> <p>The simulations suggested that interventions to loosen constraints on the local supply response were likely to be critical in order to avoid inflationary effects and maximize the real impact of transfers in the treated village clusters. Given the dominant of ineligible households in local production, it was point out as important for complementary interventions (e.g., micro-credit) to target these as well as CGP-eligible households. Which is one of the reason FAO experimented then with a top up approach to the CGP providing support for agriculture.</p> <p><i>Source: Lesotho LEWIE 2013</i></p>
CGP	<p>FAO is pushing for complementarity to the CGP addressing the WB for piloting a project whereby poor farmers, households and labour constraints households are supported in improving their livelihood and nutrition. They are observing that the households that are labour constraints are boosting home gardening, more than the non-labour constraints ones, they diversify and invest the cash they saved from home gardening for buying other</p>



	<p>agricultural inputs with the cash grant. Beneficiaries can thus design how to align their strategy for livelihoods. It is not expensive as a program, FAO gives seeds, training and UNICEF gives them money. They pay uniform, school, shoes.... They can work in the field of other persons, invest more and expand the land they cultivate. Even if no seeds was given for staple food, it has been found that people are investing in it as well.</p> <p>A year after the project FAO sees an improvement of the production. It is still needed to establish better the attribution of impact between the cash grant and the in-kind support. But there are ways of development in the future in nutrition on how to combine different tools: training, seed, nutritional education, cash grants. The CGP definitely opens a door for that on which to bring in some other elements. The CGP alone may not be enough to reduce malnutrition, but it could contribute greatly in a combine approach.</p> <p>One also need to take into account how people were reselling some of the in-kind assistance at a loss before, and the combination with cash is now actually mitigating those negative actions.</p> <p>Source: MN 402</p>
CGP	<p>The EU should focus on consolidating the social protection complementarity to achieve resilience. Not to take resilience as a new battle horse, because they will do it through the entry point of social protection. Under new topics energy may get dispersed. The EU should go into consolidating the system for its new program.</p> <p>Source: MN 402</p>
CGP	<p>The discussion on social services in Lesotho has not picked up that much. The international community need to look at how to combine in kind or in cash with holistic response. According to OPM I conditionality is a concept that doesn't apply in Lesotho given the state of public supply. Complementarity would be better, help school to absorb the additional demand. But to add an expensive system to monitor conditionalities is not cost-effective. There is a massive gap in service provision and the social protection support cannot change this on its own. So the social development debate needs to go on an interministerial platform from a multisector perspective. FAO is having a lot of thoughts on how cash transfer can be used to incentivise productivity. It would require a higher body.</p> <p><i>MN 404</i></p>
Social Protection Strategy	<p>The NSPS process for 2014 and beyond included some micro simulation modelling to assess the impacts of the different possible intervention scenarios on the poverty rate and poverty gap. It is calculated that the set of core social protection interventions described above (excluding the complementary programmes) would reduce Lesotho's poverty rate by nearly 15% to 51.3% and the poverty gap by an impressive 40% to 14.0% (from the current 59.9% and 23.8% without social protection respectively).</p> <p><i>Source: Lesotho NSPS Summary 2014</i></p>
ECHO/WFP	<p>ECHO support to WFP cash for asset saw some delays in implementation due to delayed funding. At the time of the 11.06.13 monitoring report, the total number of beneficiaries reached, since the start of activities, is 8,035 which represented 8.5% of the targeted beneficiaries. 10% of the cash transfer target reached so far, 7% of the target cash transfer amount reached, very good progress made on small scale mitigation workstranslating to 400% rate of achievement. 10 dongers rehabilitated, 12 diversion farrows established at both Thaba tseka and Mokhotlong districts. All activities aimed at preventing soil erosionBeneficiaries are engaged in the creation of soil conservation community assets in order to circumvent effects of drought in the prevailing food insecurity situation in Lesotho. Other activities included donga</p>

	<p>rehabilitation, terracing, building of silt traps and watersheds, construction of diversion furrows above crop fields, rehabilitation of eroded gullies and construction of stone lines, removal of invaders/brush to improve rangelands and to allow for other plants to regenerate e.g. medicinal plants, planting of forest trees and reseedling of marginal land, removal of wild grass impeding cultivation of plants...</p> <p><i>Source: WFP Lesotho monitoring fichop 11.06.13</i></p>
ECHO/FAO	<p>The FAO Integrated Recovery Response to 2012 drought aimed at food security (crop production and livestock) as well as awareness in climate change mitigation with Ministry of Agriculture. The fichop reported a clear contribution to resilience. The increases in production significantly contributed to the improvement of the food security vulnerable people in lesotho. However probably even more interesting has been the use and acceptance of climate smart agricultural techniques. In view of the fact of lesotho peoples dependence on rain fed agriculture these techniques should be re-enforced. FAO has implemented an ambitious action that seeks to pilot resilience with significant short-term achievements in regards to both "software" and "hardware" components preparing the communities to mitigate the negative effects of climate induced hazards. FAO's report pointed out to reasonable progress in achieving the set objectives though it was also clear that assessment of impact at this stage might be unrealistic.</p> <p><i>Source: FAO fichop 2013/2014</i></p>
<b>JC 4.4 EU support for social protection facilitated the emergence of a sustainable national social protection system funded and managed by GoL</b>	
<b>I. 4.4.1</b>	<p><b>Assessment of GoL's institutional capacity to take over running of the scheme and design of potential appropriate technical support at centralized and decentralized levels, including partnerships with non-state actors, including.</b></p> <ul style="list-style-type: none"> <li>• <b>The EU support facilitated the emergence of the MoSD</b></li> <li>• <b>Changes in MoSD capacity and decentralized presence</b></li> <li>• <b>Number and coverage of NGOs partnership for decentralized implementation</b></li> </ul>
CGP	<p>The first phase of the CGP was revised in 2010 as the initial design made unrealistic assumptions on capacities from DSW and UNICEF. The first Eighteen months were used up setting up coordination structures and cash transfer mechanism (OPM final eval 2012).</p> <p>Ownership of the project was slow in the beginning partly part due to the large number of stakeholders, but also because it has been seen as quite strongly supply driven (OPM evaluation 2012). When the DSW moved towards a stand-alone entity a deeper sense of ownership of the CGP and its vision as a pilot towards a NSPS rather than a stand-alone project developed.</p> <p>The transfers of skills and integration of project staff remained a problem at the end of CGP Phase I (OPM final report 2012 p7)</p> <p>A comprehensive plan of transfer from EU contributions to GoL ownership and funding has been set and aims to be completed by 2014. Good progresses were shown in the evaluation period.</p> <p><i>Source: OPM final evaluation</i></p>
ECHO	<p>The hand over to the Ministry of forestry and Land planning for the FFA/CFA activities were not designed in a feasible way, nor with a vision to integrate productive SSN as an instrument under a national social protection strategy.</p> <p><i>Source: Internal WFP mission (with DFID) 2013</i></p>

CGP	<p>According to OPM impact evaluation report, the programme experienced a number of implementation challenges. Payments have been irregular time and value wise undermining the sense of predictability of the CGP amongst beneficiaries. The program operates through manual payment systems in remote areas and requires beneficiaries to spend on average 3 hours travelling to and from the pay point on foot. One of the reasons for delayed payments was that the DSW was unable to consistently prioritize the procurement needs of the project (ROM1921426p5), which improved when the ministry managed to have its own procurement unit.</p> <p>Indeed Phase I of the CGP provided with the support from an international consultant to conduct a capacity assessment and organization development strategy in 2010 (OPM Phase I eval p27). The project supported 37 positions at central, district and local level but prior to the MoSD birth, there was little integration of the CGP within DSW.</p> <p>UNICEF implementing capacity was also insufficient at the early stage of the CGP but was further strengthened in the course of the program.</p> <p>There is to date no overall framework for coordinating cash transfers (WB report on safety net 2013 p XVI), while the Nissa may contribute to coordinate targeting and prevent duplications and overlaps, on the technical side of the transfers there is no evidence that coordination/collaboration took place. The EU could have influenced the UNCT and mainly UNICEF and WFP (the most experienced agencies in cash transfers in Lesotho) to join efforts with the Government and explore possibilities to overcome technical constraints (such as dealing with manual cash distributions, e-transfer modalities and public-private partnership dialogue, etc.). A cash working group could have been proposed however there was no incentive as the CGP and the seasonal food security support ran separately with different sectoral ministries.</p> <p>Institutional capacity assessment has been a recurrent area of analysis of the CGP throughout its evaluation and certainly continues to be of actuality. It is rather questionable to consider that technical support to the GoL and especially MoSD should be lifted at the end of the Phase in 2014. Organizational changes and the ambition of the common national social protection platform will require much longer program duration and continued support from the EU beyond 2014.</p> <p><i>Source: OPM impact evaluation, WB report on safety net 2013, OPM Phase I eval, ROM1921426</i></p>
CGP	<p>”NGOs were involved in the pilot, to attract them in social protection. UNICEF is recently negotiating a contract with CRS and others. That experience opened avenues for other collaborations. UNICEF is including the micro-finance institutions that is what was promoted as well with the Resilience Framework, negotiating a package of support. This is a big step forward. FAO facilitated some collaborations and UNICEF discovered other ways of working with smaller NGOs.</p> <p>The NGOs do the mobilization. The ministry of social development have people at district level, for FAO pilot, we partnered with a network of extension service we work in our regular program and NGOs. We look at a hybrid program.</p> <p>These programs are the way for the future and show from governance perspective how it can make a difference.”</p> <p><i>Source: MN 402</i></p>
CGP	<p>WVI role for 2 years till end of 2013 was to identify the beneficiaries for the CGP, going throughout the country to identify the vulnerable. The NISSA</p>

	<p>project was to map the vulnerable in the country and then build the capacity of the government. After 2013, the government was considered able to update the NISSA, as long as they don't need to register new people. WVI used to employ more than 200 people for the registration, and with the handover to the government WVI trained 80 government employees at district and national levels. WVI also supported village assistance committees (VAC), trained them in identifying vulnerable HH and monitoring. The government needs to work with the VAC to get information on the ground as the last evaluation recommended awareness building of the VAC.</p> <p><i>Source MN 407</i></p>
CGP	<p>For the NISSAII, the government is planning the use of private companies to do the registration as they consider them less costly than NGOs.</p> <p>MN 408</p>
CGP	<p>The new ministry on social development was not created as a result of UNICEF advice but the government started to see the importance of social development, therefore they saw the necessity to create it. UNICEF and the EU contributed to create an enabling environment. According to UNICEF, the Social Development ministry is the only decentralized government body in Lesotho. They had a workshop in nov 14 to discuss referral mechanism using decentralize system.</p> <p><i>Source MN 401</i></p>
<b>I. 4.4.2</b>	<p><b>Coordination amongst ministries and their capacity to work together have been consolidated through the piloting of the scheme showing reasonable prospect of success for effective upscale and extension, including:</b></p> <ul style="list-style-type: none"> <li>• <b>Intersectoral coordination platforms/events where upscale and extension of the NSPS has been discussed</b></li> <li>• <b>Existence of inter-ministerial collaborations in regards to NSPS</b></li> </ul>
CGP	<p>Reorganization of the government affected the CGP project, which was directly under the Ministry of Health and Social Welfare in the previous Government. The current government created the Ministry of Social Development MOSD in June 2012, which was considered a plus for the project (ROM 1921426p5) but also resulted, concomitant with the formation of a new government, in delayed approvals and other administrative measures. The challenges posed by a multi-party government is identified in ROM 1921426 p9 as one of the main external constraints for the project.</p> <p>It is expected that the recent NSP strategy and the development of NISSA (provided its design for multiple ministries and cost associated proves feasible), stronger coordination between ministries may take place. This is to date an aspiration and there is no significant evidence of such coordination having worked so far. As summarized by the WB report pxix , safety nets are being implemented through various ministries: the Child Grants Program, the Nutrition Support Program, and Public Assistance are all being implemented by MOSD. Most of the larger transfer programs are implemented by other ministries. The</p> <p>Old Age Pension is implemented by the Pensions Unit in the Ministry of Finance and Development Planning, the School Feeding Program and the OVC Bursary Scheme are both implemented by the Ministry of Education and Training, and the National Fertilizer and Input Subsidy and the AIFs are operated by the Ministry of Agriculture and Food Security. Other safety net programs are implemented by the Ministries of Public Works and Transport, Forestry and Land Reclamation, and Local Government and Chieftainship.</p> <p>The WB preconizes the creation of a central agency responsible for coordinating all safety net programs, with the MoSD taking the lead on the social protection agenda (focusing on non-contributive safety nets).</p>

	<i>Source: ROM 1921426, WB SSN report</i>
ECHO	It is key to establish coordination with DMA in order to ensure that social protection systems can be triggered during emergencies as well as to design a workable system for the development of productive SSN interventions.
CGP	<p>FAO is very interested to discuss the safety net approach with WB, WFP and UNICEF. The trend is taking up now, there is a workshop on agriculture and social protection integration in Cape Town (nov-dec 14) and FAO sent 3 participants from Lesotho. It is growing, because the CGP is a success people are listening differently. There is a need of integration of the systems. There are many vested interests though as most of the money goes to the tertiary bursary grant and the recipients are not poor. This could be looked at from the beginning, the targeting discussion could be there but as far as the CGP is concerned it first needed to align people. WB is now looking at what could be supported; FAO thinks nutrition and safety net areas could be strengthened by WB because the EU has not invested in it so far. So bringing complementarity with WB.</p> <p>Source :MN 402</p>
CGP	<p>The key issue is the convergence of programs between the UN and government. The transparency of the NISSA will depend on whether the ministry of planning and social development push for it. If they play a client game and let subsidy to go untargeted it won't work. There is thus a need for pressure to keep checks and balances on. The UN and donors need to influence the ministries who are influential on how money is allocated. FAO has been talking with the ministry of agriculture on social protection, and are starting to see a little openness. Officials in Lesotho see other African countries moving in the direction of social protection and they are all learning at the same time. For the issue of the resilience, social protection is a key ingredient. The goal is to create a critical mass, and maybe in 5 years time that will be obvious.</p> <p>Source: MN 402</p>
CGP	<p>According to UNICEF, the pension fund is distributing cash but doesn't have a system. They use banks is losing money in the process and there is no governance system. UNICEF studied the different delivery mechanisms, and are pushing for the CGP to be used for other type of transfers such as for distribution for agricultural support with FAO.</p> <p>Source MN 401</p>
ECHO	<p>As part of capacity development, the collaboration between WFP and Ministry of Forestry and Land Reclamation has enabled to provide specialized support, training in various capacity building skills to the involved participants of the Cash For Asset. Ministry involvement ensured that community programme were sustainable, owned by the community and complied with standard specifications. In addition, among the participants, foremen and forewomen were trained to be coordinators, supervisors and book -keepers registering the participants' attendances.</p> <p>Additionally, WFP assisted the DMA on the Disaster Risk Reduction Policy (DDR Policy) dissemination and training.</p> <p>NZ: However the short term duration of this support prevented to reach sustainability as was envisioned and there has been no strategic linkages made between the UN in their support to different bodies in the government especially with the vision of a multisector social protection framework till the strategy launch in 2014.</p> <p><i>Source WFP Lesotho monitoring fichop 11.06.13</i></p>

<b>I. 4.4.3</b>	<b>Evolution of GoL's ownership of Social Protection systems in the light of political alternance and/or instability</b>
CGP	NGO are not sure whether government will continue to fund the cash grant. With the election in February the political priorities are not known yet. A risk for the CGP is to become more political and it may concentrate on the area that support the government politically. Source MN 407
CGP	The most important ownership element is the signing of an agreement for government to take over (description of action in the project document) with UNICEF. It will be key for UNICEF to continue to engage the government in formal ways for political sustainability.  Source MN 401
CGP	The Ministry of Social Development is the only one that has staff in the community council, thus the most decentralized structure. It should remain because in the environment of Lesotho, social development is the most effective ministry (the WB confirms and it appeared in the medias). Politically it would be a big problem to kick him out.  Source MN 401
CGP	With the change of government, the social protection will remain high priority because it is cemented with the community counsellors. The government didn't want the program in the beginning but had to live with it because the counsellors pushed for it, and then they got convinced by it. It won't be taken back but the questions is to invest in a holistic perspective and building political consensus. The social protection process is seen as irreversible.  Source MN 404
<b>I. 4.4.4</b>	<b>Evolution of GoL contributions to Social Protection systems and evidence of budgetary analysis to understand the likely affordability of the implementation of a national social protection framework from a national budget perspective including:</b> <ul style="list-style-type: none"> <li>• <b>Absolute and relative budget allocations to social protection in 2013-2014 and 2014-2015 budget laws.</b></li> <li>• <b>Comparative cost of OVC within the wider SP elements</b></li> <li>• <b>Affordability of SP package provided efficiency measures are taken</b></li> </ul>
	Absolute and relative budget allocations to social protection in 2013-2014 and 2014-2015 budget laws
CGP	The 2013 WB Lesotho Safety Net study compares the cost-effectiveness of the 10 main safety nets and reports a 13.7% direct operating cost for the CGP considered relatively low, particularly given the small size of the program, its pilot quality and the fact that operational costs are expected to decrease with time. It highlights though that this figure doesn't include the substantial expenditures on technical assistance.  <i>Source: WB Lesotho Safety Net study</i>
CGP	With limited agriculture and domestic economies, GoL has for the past 30 years adopted a redistributive public policy (WB SSN report p 35). As per the WB safety net report 2013, "Lesotho faces serious fiscal challenges as a result of very high public expenditure (which had reached an unsustainable 67 percent of GDP in 2009/10) and of excessive reliability on Southern African Customs Union (SACU) receipts, which are volatile, and make budget management challenging». In this context, the sustainability of any social protection program highly depends on its cost-effectiveness.  The WB calculated that Lesotho spent approximately 16 percent of its public expenditure on various transfer programs, (mainly in agricultural subsidies, tertiary bursaries, and school feeding) with less than 25 percent of the US\$197

million spent annually on transfers went to the very poor. While this results mainly from inefficient targeting criteria, the criticism doesn't apply for the CGP which rates much better (at about 50% according to the the WB report p xiii), although further targeting improvements are proposed. In the fiscal year 20010/2011, the spending on the CGP amounted to 1,3% of total transfers (compared to 29% for the pension fund, 18.5% for the school feeding program and 45% for the tertiary bursary scheme) (WB SSP report p12)

The WB estimates the cost of a more efficient national social protection package comprising a single cash grants program, self-targeted public works program and agricultural input fairs to be affordable at between 27-81 million USD with a medium of 55 million USD representing 2% of GDP compared to the 197 million USD spent annually (as of 2010/11 baseline) reaching 9% GDP (WB SSN 2013 report pp Xxiii). Savings are proposed on the School Feeding Program and the untargeted transfers (ex. National Fertilizer and Input Subsidy or Tertiary Bursary Schemes). However, large scale expansion of cash or in-kind transfers wouldn't be sustainable in Lesotho current fiscal environment

Source: WB SSN report

### Cost estimates of existing core SP schemes

Table 1: Coverage and cost estimates of existing core SP schemes in 2011

Core SP schemes	Target group	Direct beneficiaries (annual)	Average transfer per beneficiary	Cost (million)			Unit cost (including overhead)
				Maloti	USD	Cost share (%)	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)= E/C/12
1 Nutrition support programme (WFP)	Children at early childhood development centres, malnourished infants, and pregnant and lactating women	85,000	n.a.	47.0	6.3	6.4	46.1
2 Child grant programme	Poor households with OVC	30,000	120/household/month	16.5	2.2	2.3	45.8
3 School feeding programme	Primary school students	389,000	One meal per day 180 days/year	236.0	31.5	32.3	101.1*
4 OVC bursary programme	OVC secondary students	20,000	2381/year	48.0	6.4	6.6	200.0
5 Public assistance	Destitute person	9,600	100/month	13.0	1.7	1.8	112.8
6 Universal old age pension	Universal to all over the age of 70	83,000	350/month	371.0	49.5	50.7	372.5
<b>Total</b>				<b>732</b>	<b>98</b>	<b>100.0</b>	<b>144.4</b>
Cost as % of 2011 GDP				<b>4.1</b>	<b>4.1</b>		
Coverage as % of 2011 population**		22.3					

Source: Based on Table 14 of World Bank report – Lesotho: A Safety Net to End Extreme Poverty, No: 77767-LS.

Note: \* For school feeding programme the formula is  $H = E/C/6$ ; \*\* School feeding programme is for 6 months, hence when estimating beneficiary coverage as a percent of the total population, instead of including 389,000, half of them were (i.e. 389,000/2) considered.

**Cost estimates of existing extended SP schemes  
(core plus tertiary bursary scheme)**

Table 2: Coverage and cost estimates of existing extended schemes in 2011

Extended SP schemes	Target group	Direct beneficiaries (annual)	Average transfer per beneficiary	Cost (million)			Unit cost (including overhead)
				Maloti	USD	Cost share (%)	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)= E/C/12
1 Nutrition support programme	Children at early childhood development centres, malnourished infants, and pregnant and lactating women	85,000	n.a.	47.0	6.3	3.6	46.1
2 Child grant programme	Poor households with OVC	30,000	120/household/year	16.5	2.2	1.3	45.8
3 School feeding programme	Primary school students	389,000	One meal per day 180 days/year	236.0	31.5	18.1	101.1
4 OVC bursary programme	OVC secondary students	20,000	2381/year	48.0	6.4	3.7	200.0
5 Tertiary bursary scheme	Tertiary students	16,200	30,560/year	575.0	76.7	44.0	2957.8
6 Public assistance	Destitute persons	9,600	100/month	13.0	1.7	1.0	112.8
7 Old age pension	Universal to all over the age of 70	83,000	350/month	371.0	49.5	28.4	372.5
<b>Total</b>				<b>1,307</b>	<b>174</b>	<b>100.0</b>	<b>248.4</b>
Cost as % of 2011 GDP				7.2	7.2		
Coverage as % of 2011 population**		23.1					

Source: Based on Table 14 of World Bank report – Lesotho: A Safety Net to End Extreme Poverty, No: 77767-LS

Note: \* For the school feeding programme the formula is  $H = E/C/6$ ; \*\* School feeding programme is for 6 months, hence when estimating beneficiary coverage as a percent of the total population instead of including 389,000 half of them were (i.e. 389,000 /2) considered.

Source: Lesotho NSPS Costing 2014

CGP	<p>Over the 5 years covering phase I and II, the government has taken up a significant fraction of the costs, increasing its ownership and is planning to do a nation-wide expansion of the CGP and the NISSA. Overall, the WB estimates that a harmonized social protection package rendered more efficient would represent an affordable percentage of the GDP.</p> <p>The CGP has from its inception looked at fiscal sustainability and funding of the CGP with the aim of a complete ownership. As evidence, the OPM Phase I evaluation already highlighted that the CGP would represent 0.2% of GoL GDP for 2012-2015).</p> <p>Poverty Reduction General Budget Support Performance Assessment Framework for 2011–2013 contains a section on Strengthened Social Protection with indicators on numbers of OVCs reached by both the Public Assistance programme and the CGP.</p> <p>However given the EU contribution to EDF10, the financial affordability of the program should be considered also in the light of a possible reduced global budget support.</p> <p>Source: OPM Phase I evaluation</p>
CGP	<p>“For the EU to work in ACP countries, the approach is to have involvement of the government much more, EDF is their money also (pool of fund for that country, there is a NAO, national officer that agrees on the use of this fund). It is clear, that this has given such a profile to the ministry of social development. The ministry of social development has a good reputation with other ministries, so a smart investment from the donors, good implementing partner UNICEF and a supportive government, so it is not the credit of one, but the combination.”</p> <p>Source: MN 402</p>
HIV/Aids	<p>The regression in HIV/Aids can be partially attributed to the dismantlement of the national Aids authority/commission (NAC) (it was an independent</p>



	<p>organization coordination that existed till dec 2012). The government did not get return on investment and oversight due to politicization. However the EU could advocate for the creation of the authority as it gives direct budget support to ministry of finance. The government has money from global fund for ARV treatment but nothing for prevention. It is needed to strengthen the M&amp;E in the ministry of development planning (which would be a cross-sector support, goes with NSDP).</p> <p>As currently 70% of the treatment comes from the government it shows the political will to be accountable on this front and allocate the money. If the EU would support the system for 2 years on the community mobilization and health facility linkage, a handover to the government would be possible and it would also influence the CGP by reducing the growth of the caseload, enabling an exit strategy on this front as well.</p> <p>Source: MN 405</p>
CGP	<p>In Lesotho, the e-payment using mpesa is getting developed. That will reduce the transaction cost and make it more affordable for the government. The program is in such a position that measures can be taken now to be more cost effective using technologies that were not available before. When the CGP started, an MIS was used that was adapted for a small pilot. The government hired a private company now to develop a full-fledged MIS. The EU should provide more support though because now it is time to check if the entire system is going to really produce impact, as it is time to expand. It would be a mistake to calculate the cost effectiveness now, because for now it was investment phase, so one cannot calculate the cost per beneficiary as per now. A new impact evaluation of the CGP is needed for this last phase, including as well the pilot for the conditional cash.</p> <p>Source MN 408</p>
CGP	<p>The difference between the role of the consulting firms and the NGOs is that the consulting firm is requested to introduce systems, to make the processes more efficient. Unless the programs are expanded this investments are not worth it. So the EU needs to continue its support to GoL. The problem with all the pilots is often not to have instruments to expand and in the case of Lesotho the decision was taken to develop the tools first. The donors will be requested to provide support for many years to come, because the poverty is there for years to come, and would be beyond the capacity of the government to fully take over.</p> <p>Source MN 408</p>
CGP	<p>OPM NISSAII design suggests to determine an optimal level of coverage of NISSA enumeration on the basis of the analysis of the trade-off between the coordination gains associated with covering non-vulnerable households and the long term sustainability of financial cost. It estimates that a 100% coverage of rural HH would cost 50.8 millions LSL (complete NISSA implementation costs 93.2 LSL) while an enumeration of vulnerable HH would cost half, about 25.1 millions LSL (complete NISSA implementation costs 66,8 LSL). The option chosen would also have a considerable impact on the number of staff from GoL needed.</p> <p><i>Source: OPM NISSA II design</i></p>
New Social Protection Strategy	<p>The proposed National Social Protection Strategy costing with efficiency revision is articulating the following schemes:</p> <ul style="list-style-type: none"> <li>- a universal infant grant of M100 per infant under 2 per month, phased in over four years, to all pregnant women and mothers with under 2s, with the transfer value indexed to inflation;</li> <li>- a scaled up, but still poverty targeted, child grant of M100 per child per month, phased progressively to all extreme poor households with</li> </ul>

	<p>children (approximately 30% of households), with the transfer value indexed to inflation;</p> <ul style="list-style-type: none"> <li>- first steps towards the establishment of a national seasonal employment guarantee scheme to offer public works to the working age poor who need it;</li> <li>- a continuation of the universal old age pension at a fixed rate of M500 per person per month, but with the age of eligibility reduced to 68;</li> <li>- a disability grant of M250 per person per month, phased in over four years, to all those with severe disabilities, with the transfer value indexed to inflation;</li> <li>- a reformed discretionary public assistance grant at a fixed rate of M250 per month, to all requiring short term, reactive, temporary support, estimated at the current level of approximately 0.5% of the population.</li> </ul> <p>The NSPS also identifies complementary programmes in other sectors (such as school feeding, nutrition support, free education and healthcare, etc.) that – while not core social protection –nonetheless have a secondary objective of providing a degree of protection against deprivation and risk, and to which the NSPS should build strong linkages.</p> <p>The total cost of these core social protection programmes at full coverage (i.e. at the end of the first phase of the NSPS in 2018/19) is calculated as M1,275 million, representing 3.92% of GDP, essentially below the equivalent cost of social protection as calculated in 2011, but with significantly greater coherence and increased coverage (estimated at some 41% of the population rather than 23% in 2011). Assuming the continuation of the two complementary programmes (school feeding and OVC bursary) at their current levels, this would push the overall cost to M1,559 million, or 4.8% of GDP – still well below the estimated current level of 7.8% of GDP.</p> <p>The NSPS process also included some micro simulation modelling to assess the impacts of the different possible intervention scenarios on the poverty rate and poverty gap. It is calculated that the set of core social protection interventions described above (excluding the complementary programmes) would reduce Lesotho's poverty rate by nearly 15% to 51.3% and the poverty gap by an impressive 40% to 14.0% (from the current 59.9% and 23.8% without social protection respectively).</p> <p><i>Source: Lesotho NSPS Summary 2014</i></p>
<b>Information sources</b>	
UNICEF reports OPM reports Alaya Consulting reports FAO reports WB reports Global Fund Reports NSA reports National planning documents Poverty assessments Social sector survey and administrative data (health, education, income, employment) ROM reports Interviews	
<b>Analytical methods</b>	
Documentary analysis Interviews Statistical analysis of social sector data	

EQ5 Water and sanitation Sector	
To what extent did the EU's support to the water and sanitation sector strengthen the management of the sector to become more effective and efficient in its service delivery to alleviate poverty and improve health?	
Project name	Preliminary Judgment criteria and indicators
<b>CJ 5.1 Support to the sector strengthened its reform process and contributed to tangible improvements in its policy, strategic, organisational, managerial and/or regulatory framework</b>	
I 5.1.1	Evidence that a water sector reform programme was on-going: existence of a sector policy, a sector strategy, a detailed costed and time bound action programme and a monitoring mechanism of its implementation
	<p>The process of developing the roadmap to establish the progress towards IWRM was initiated in Lesotho in December 2006. A study was commissioned by the Government of Lesotho that was concluded in 1996 that gave recommendations on “Water Resources Management: Policy and Strategies”. This study led to the development and adoption of the National Water Resources Management Policy (NWRMP) in 1999. Since then a number of activities have been carried out in the country to achieve the goals of the 1999 NWRMP. These included the restructuring of the water sector and the establishment of the Commissioner of Water (CoW) to coordinate the sector and the Policy, Planning and Strategy (PPSU) to support the CoW. Activities aimed</p> <p>A new Water and Sanitation Policy has been adopted as at February 2007. This policy includes the following goals:</p> <ul style="list-style-type: none"> <li>• Water Resources Management embracing IWRM principles</li> <li>• Water supply and sanitation services: strategic guidelines within the functions of service delivery of water and sanitation</li> <li>• Water and environment : strategic guidelines for action regarding protection and conservation of water resources and associated eco-systems</li> <li>• Trans-boundary water resources : strategic guidelines for action coordinating the management and usage of water resources with the downstream countries in shared watercourses.</li> <li>• Sector wide approach : strategic guidelines for coordinating all sectors for IWRM and service delivery</li> <li>• Stakeholder involvement : guidelines for involving all stakeholders in IWRM and service delivery</li> <li>• Institutional arrangements and legislative framework : strategic action guidelines for appropriate institutional and regulatory framework of the water sector for implementation of IWRM and effective service delivery.</li> </ul> <p><i>Source: 1st Annual State of Water Resources report – MoNR – May 2012</i></p>
	<p>The Lesotho government's development goals are reflected in its “Vision 2020” and the National Strategic Development Plan (NSDP) approved in March 2012. For the period 2012/13 to 2016/17, the NSDP will serve as an implementation strategy for the National Vision 2020. The strategic goals are the following: (I) Pursue high, shared and employment creating economic growth; (II) Develop key infrastructure; (III) Enhance the skills base, technology adoption and foundation for innovation; (IV) Improve health, combat HIV and AIDS and reduce vulnerability; (V) Reverse environmental degradation and adapt to climate change; and (VI) Promote peace, democratic governance and build effective institutions.</p> <p><i>Source: NSDP National Strategic Development Plan (March 2012) National Vision 2020</i></p>
	<p>The Sector Policy and the medium-term goals for the water sector are expressed in the Vision 2020, Millennium Development Goal (MDG) 7 and the Poverty Reduction Strategy (PRS)/National Development Framework and Plan. Among others, overall objectives include:</p> <ol style="list-style-type: none"> <li>1. To improve the management and administration of the Ministry so that it</li> </ol>

	<p>contributes to improved use and management of Lesotho's water and mineral resources, energy and meteorological services;</p> <ol style="list-style-type: none"> <li>2. To strengthen the legislative and policy framework to support socio-economic development and sustainable use of Lesotho's natural resources.</li> <li>3. To increase access to water supply and sanitation services and strengthen the management of Lesotho's water.</li> </ol> <p>GoL strategy is to improve water access and conservation through the following interventions:</p> <ol style="list-style-type: none"> <li>1. Monitoring, refining and formulating water policies and legislation, including a new Water and Sanitation Act which will bring the Water Resources Act of 1978 into line with international developments.</li> <li>2. Improving institutional capacity to assess and monitor water resources, as well as improving storage, delivery and distribution.</li> <li>3. Improving water conservation and management, as well as strengthening the capacity of communities to manage rural water schemes.</li> </ol> <p>Apart from addressing specific water resource management issues and in recognition of the fact that water impacts on many other sectors, this policy document is aligned with the National Vision 2020, the Poverty Reduction Strategy, the Millennium Development Goals and other related policies such as those on Decentralization, Energy, Environment, Food Security, Gender, Forestry and Land Reclamation, HIV/AIDS, Industrialisation, National Irrigation Policy, and Science and Technology. The Lesotho Water and Sanitation Policy goes all-out to embrace our principle that "Kopano ke Matla - Unity is Strength". United we shall stand in the quest for a better future for all of our people.</p> <p>The Lesotho Water and Sanitation Policy (LWSP) is consistent with the global and regional consensus embodied in Agenda 21, the Dublin Principles, the Helsinki Rules, Johannesburg Plan of Implementation, Global Water Partnership, SADC Declaration, Southern African Vision for Water and Environment, SADC Regional Water Policy, and SADC Protocol on Shared Water courses.</p> <p><i>Source : MoNR (CoW) report 2009</i></p>
	<p>The programme takes place in the context of the PRS, which demonstrates GoL's commitment to economic growth and poverty reduction. GoL adopted a new Water Resources Management Policy in May 1999. It sets out the framework for a sector-wide reform, including the need for the economic pricing of water resources, the rationale for introducing private sector participation, the necessity of institutional restructuring, and the requirement for a strong regulatory framework.</p> <p><i>Source : FA - LWSSP LSO/002/05 IX EDF</i></p>
	<p>The policy framework for water supply is provided by the Water Resources Management Policy (WRMP) of 1999 which, in addition to the development of secure long-term sources of supply, emphasises the need for cost recovery through an appropriate tariff structure; institutional reform; greater involvement of private firms in water distribution; regional cooperation; and the systematic treatment of wastewater.</p> <p><i>Source: ROM LSO 05 MR-02188.01</i></p>
	<ul style="list-style-type: none"> <li>• Policy Statement 1: To manage water resources in an integrated and sustainable manner to ensure availability of this resource in adequate quantities and quality for present and future social, economic and environmental needs;</li> <li>• Policy Statement 2: To ensure access to a sustainable supply of potable water and basic sanitation services for all Basotho;</li> <li>• Policy Statement 3: To protect and conserve water resources and minimize the adverse impacts of socio-economic development activities on water;</li> <li>• Policy Statement 4: To manage trans-boundary water resources on the basis of Lesotho's sovereignty in a way that ensures maximum benefits while taking cognisance of her obligations to downstream users under international law;</li> </ul>

	<ul style="list-style-type: none"> <li>• Policy Statement 5: To adopt a sector wide approach to water resources management and to water supply and sanitation services development, in order to ensure effective and efficient use of internal and external resources</li> <li>• Policy Statement 6: To ensure participatory approach with effective involvement of all stakeholders at different levels in water resources management and development in order to ensure sustainability of sector programmes.</li> <li>• Policy Statement 7: To put in place appropriate institutional arrangements and a legislative framework for the sustainable development and management of the nation's water resources and for the supply of water and sanitation services.</li> </ul> <p><i>Source: Lesotho Water and Sanitation Policy</i></p>
	<p>The NSDP recognises (...) to achieve the National Vision goals, reduce poverty and achieve sustainable development, six strategic objectives will be pursued over the Plan period:</p> <ul style="list-style-type: none"> <li>• (...) Investments mobilised for construction works of Metolong dam, LHWP II and power generation plants, including hydro-power and pump storage and construction of one of the biggest wind power generation plants</li> <li>• Agricultural diversification and commercialisation takes off through grain and irrigated horticulture block farms, integrated value-chain development for horticulture, poultry, piggery and milk production. The potential in inland fisheries also need to be tapped</li> <li>• To Develop key infrastructure or Minimum Infrastructure Platform by: Meeting basic services in terms of water, roads, energy, ICT and other social infrastructure</li> <li>• Increasing quality and capacity for technical and vocational training</li> <li>• Improving the foundation for skills development through continuing the efforts to improve access, quality and infrastructure at primary, secondary and high school levels, including ICT literacy</li> <li>• To reverse environmental degradation and adapt to climate change by: Promoting integrated land and water management ; Improve environmental services and implement the principle of the polluter pays ; Promotion of waste recycling culture and tap the waste and recycling economy to create jobs ; Promote integrated physical and economic planning and coordination with future perspective.</li> </ul> <p><i>Source: National Strategic Development Plan 2012/13 - 2016/17</i></p>
	<p>The policy framework for water supply is provided by the Water Resources Management Policy (WRMP) of 1999, which, in addition to the development of secure long-term sources of supply, emphasises the need for: cost recovery through an appropriate tariff structure; institutional reform; greater involvement of private firms in water distribution; regional cooperation; and the systematic treatment of wastewater. Furthermore, to consolidate the disaggregated water sector organisations, it is proposed to establish a Directorate of Water in the Ministry of Natural Resources (MoNR).</p> <p><i>Source: Country Strategy Paper and Indicative Programme for the period 2001 – 2007</i></p>
	<p>Water policy reforms in Lesotho started in the late nineties, but the process has been slow. The policy challenge mainly consists in achieving the comprehensive and integrated management of the sector as a whole, aiming at the satisfying rural and urban needs in a sustainable manner with the harmonized participation of both the public and private sector.</p> <p><i>Source: ROM BS report 05/12/2012</i></p>
5.1.2	<p><b>Evidence that accompanying non financial support (capacity strengthening) contributed to relieve specific constraints, showed clear results and thus facilitated the implementation of the reform process</b></p>
	<p>TA input provided so far within this FA, although very important and well conducted, is quite limited in scope, being confined to the M&amp;E function within</p>

	<p>sector coordination. Capacity building assistance is provided by several donors but it is not clear if there is a common plan on how to enhance sector coordination. In spite of previous assistance provided by the EU to develop tools within the CoW for sector management (LWSIMS) and financial planning (SFPM), the planning function is still dispersed among various sector institutions and a sector MTEF does not really exist. The WB, the other CoW's supporter, focuses its institutional strengthening effort on the regulatory framework and the efficiency of the water service in the urban areas. On the other hand, in spite of significant capital investment funds provided by donors (MCC and EU BS), no planning support exists for the rural water and sanitation.</p> <p><i>Source: ROM BS report 05/12/2012</i></p>
	<p>The 1999 Water Resources Management Policy proposed the following, of which to date points 1 and 2 have been implemented:</p> <ol style="list-style-type: none"> <li>1. The position of a Commissioner of Water to be created to co-ordinate water sector policy and planning.</li> <li>2. The establishment of a Policy, Planning and Strategies Unit (PPSU) to provide technical support in respect of policy matter to the Commissioner of Water.</li> <li>3. The establishment of a Water Utility Regulatory Body, outside the Ministry (but with policy guidance by the Ministry), to monitor the performance of water utilities including adherence to the policy and strategies.</li> <li>4. Encouraging private- sector participation in the management of the distribution system.</li> <li>5. Encouraging Local Government entities in the provision of urban water and sanitation services.</li> </ol> <p><i>Source: CSP &amp; NIP 2008-2013</i></p>
	<p>Satisfactory progress in the implementation of the Lesotho Water and Sanitation Sector Policy Assessment</p> <p>A first policy implementation status review of the Lesotho Water and Sanitation Policy (2007-2012) was conducted at the end of 2011 through EU financed TA covering the policy implementation status up to November 2011. Two of the Policy's seven policy statements (statements 2 and 7) were implemented through the Interim Water and Sanitation Strategy (2010-2012) which is supported by the EU sector budget support. The validity of the strategy has been extended up to 2014, without any change to the original text.</p> <p>=&gt; Policy Statement 2: Water Supply and Sanitation Services: Ensure access to a sustainable supply of potable water and basic sanitation services for all Basotho. Despite the high profile transfer of water to the Gauteng region of South Africa, areas of Lesotho still experience difficulties in accessing water. Investment in water is high with 22% of the overall capital budget expenditure destined to the sector in 2011/12 and 32% in 2012/13. About 50% of the investment is made up of loans to the sector, 35% by grants and 15% by the Government's own resources.</p> <p><i>Source: LWSSSP – 20/11/2012 - Assessment of General and Specific Conditions for the disbursement of the 2nd FT and 1st VT</i></p>
	<ul style="list-style-type: none"> <li>• The EU BS current weight in the sector budget is, however, moderate, particularly as other donors such as EIB, MCA and IDA are heavily investing in it, mainly through the Metolong project. The water and sanitation sector in Lesotho is very much dependant on external funding as BS allocations contribute to covering the GOL financing gap. According to MEMWA information, only 12% of the 2012/13 sector budget is financed from GOL's own revenue, the rest proceeding from donor grants and loans. The EU BS resources represent approximately an additional 50% increase with respect to MEMWA own funds. GOL is therefore in need of BS disbursements which, according to MEMWA's budget, are devoted to complement (other donor-funded) capital investment. It is necessary to</li> </ul>

	<p>highlight that in practice, BS allocations are still budgeted as project contributions, which contradicts BS logic and reduces its potentialities.</p> <ul style="list-style-type: none"> <li>• The Programme also provides support to institutional development of the CoW and other sector institutions and departments. This is certainly relevant, although TA support seems underestimated both in size and reach for a 38 M€ BS programme, considering the identified sector weaknesses. Moreover, its exact role was not defined in detail in the formulation documents although it is being defined for each consultant's input in the TA contractor's ToR.</li> <li>• Although Strengthening of sector's institutions is ongoing, especially with assistance from the WB "Lesotho Water Sector Improvement Project - Phase II" and the EU TA for M&amp;E, there are significant needs not yet covered, especially related to WASCO's apparent insufficient technical and financial capacity to manage large new projects in the medium and long term. Furthermore, the rapidly deteriorating rural systems are another unresolved issue, which some specialized actors should take care of, especially concerning governance and maintenance aspects. Despite a significant effort by EU, WB and Irish Aid, weak GOL institutional capacity can difficultly be addressed only with pressure to perform from General Conditions and indicators and the current available TA. Further support to overall capacity building efforts is needed. An evolution of public policy as a consequence of political dialogue is likely to occur in the medium term, although it premature to say at this stage. The sector as a whole and the SPSP would benefit from a more structured identification and monitoring of risks and an important investment in support to design and implementation of mitigation measures.</li> <li>• Sector Budget Support is a new form of donor assistance for Lesotho which has taken some time to be understood and absorbed. The first two years of the program implementation were a learning process also for the Delegation and the NAO. BS funds continue to be accounted in the donor grant section of the water sector budget instead of being part of the Government's own capital investment resources. If on one side, requesting the GoL to show how BS resources are invested helps to reassure about public finance transparent management, on the other, the fact of having to show a specific investment destiny for BS money prevents from opening the use of EU BS funds to more diversified uses.</li> </ul> <p><i>Source: ROM 05/12/12 Field phase report LS2010/021-644</i></p>
5.1.3	<p><b>Evidence that conditions and performance indicators retained for SBS disbursement were functional and have been respected</b></p>
	<p>The disbursement calendar is considered adequate. It is aligned with the partner country budget cycle and the precarious medium-term projections. Disbursements are made at the beginning of FY. Fiscal year runs from April to March. Assessment is expected up to October of year N. Disbursements are expected at the beginning of fiscal year N+1.</p> <p>Fixed tranche amounts to 62% of total BS, this can potentially ensure predictability of funds and give expectations for disbursement of an important amount (19.5M€). Variable tranche is 38% of BS (up to 12 M€). How these amounts are budgeted by GOL and how BS is operated at the sector level could be improved.</p> <p>GOL MTEF is not developed enough. Although MEMWA Budget Framework Paper provides some projections, these are not yet linked to sector planning or MTEF and cannot be considered a real MTEF. Nevertheless, the distribution of BS allocation throughout the duration of the Program and the balance between Fixed and Variable tranche seem appropriate.</p> <p>The number of indicators (4) is reasonable, although No. 4 has very little weight, even after proposed Rider 1. However, baseline and monitoring mechanisms have proven insufficient. Baseline is contradictory with State of Water Resource Report and although indicators are relevant, adequate sources</p>

	<p>of verification are not available.  <i>Source: ROM 05/12/12 Field phase report LS2010/021-644</i></p>
	<p>The first fixed tranche of 6,5 M€ was disbursed in July 2011. Eligibility conditions for this tranche were mainly those already assessed at the time of FA approval. Since then, no other disbursement have taken place, although the second fixed and first variable tranches were due in the second quarter of 2012. GOL request was delayed due to lack of data and is currently being processed. GOL claimed only 30% of the first VT and has recognized that it lacks the data to report on indicators as foreseen in the FA. Alternative data (sector info instead of BoS CMS) have been provided to prove partial achievement of 2 of the 4 indicators. It involved a non-disbursement of 70% of VT (4.2 M€) with a possible considerable impact on the financing of the sector. Moreover, although the EU Delegation has strongly insisted that BS resources were intended to be additional to ordinary government budget resources, clear figures are not produced by the government to prove it. On the contrary, an apparently perverse effect is that the Irish Cooperation decided to withdraw their financing from the sector, considering that the EU BS was going to replace their historical contribution to rural water investments.  <i>Source: ROM LSO 05 MR-02188.01</i></p>
<b>5.1.4</b>	<b>Evidence that SBS contributed to an improved sector framework which is better geared towards government strategic priorities and more apt to deliver the targeted results</b>
	<p>The overall objective of this SPSP is to contribute to Lesotho's efforts to fulfil MDG 7c and to pursue its Interim Poverty Reduction and Growth Strategy and the envisaged National Development Plan.</p> <p>Poverty alleviation, sustainable development, and improved health through a significant increase in reliable access to sustainable water and sanitation services based on the principles of integrated water resources management (IWRM) are the Overall Objectives to which the WSSPSP aims to contribute.</p> <p>Some internal risks are important, such as the weak capacity of institutions, weak planning and budgeting process and low M&amp;E capacity. The lack of understanding of BS at sector level is definitely also an issue. As for exogenous risks, while the FA identifies climate change as the main one, other strategic external elements such as economic vulnerability and uncertainty and the strong influence of RSA in the water sector could be analyzed further. Government's risk management capacity needs to be enhanced.</p> <p>TA support could help mitigate some risks but, as said, current TA resources in the FA seem scarce considering the context and the size of BS.  <i>Source: ROM LSO 05 MR-02188.01</i></p>
	<p>Other specific areas where progress has been made are:</p> <ul style="list-style-type: none"> <li>• A Strategic financial Planning Model developed in 2009/10 through a project supported by the EU Water Initiative is used to assess the medium and longer term financing needs to reach the sector targets;</li> <li>• Over 80 projects countrywide have been completed under the Participatory Hygiene and Sanitation Transformation programme - 170 are still on-going. This programme aims to create public awareness on linkages between water supply, sanitation, health and hygiene;</li> <li>• Sanitation and hygiene issues in rural areas are also addressed by various NGOs including 2 financed by the EU (Send a Cow Lesotho and World Vision) and Transformation for Economic Development which works closely with Government;</li> <li>• Cross subsidy tariff mechanism to reflect water for basic human needs - the tariff structure for water services in urban areas contains a large degree of cross subsidy with the lowest tariff being about 25% of the highest tariff.</li> <li>• Department of Rural Water Supply has completed a GIS mapping of all rural water systems and this will improve the planning capabilities and identify the underserved areas. The system for maintaining the GIS and integrating in the Lesotho Water Sector Information Management System is one of the important</li> </ul>



	<p>parts of the on-going improvements to the M&amp;E system. However there are still various areas where gaps have been identified which Government is aware of and is taking steps to address:</p> <ul style="list-style-type: none"> <li>• Local government capacity -cooperation between the water sector and the Ministry of Local Government at national level and with district and community councils needs improvement; The cooperation with local government authorities is expected to improve the functioning of rural water and sanitation facilities</li> <li>• National level planning over and above separate existing planning for rural, urban and bulk water needs to be improved;</li> <li>• Sanitation and hygiene promotion needs improvement. At present most of the work in this area is done by NGOs;</li> </ul> <p>The institutional arrangements have largely been completed with the establishment of the Lesotho Electricity and Water Authority and change of the Water and Sanitation Authority WASA to a company WASCO - both in 2011. Responsibilities have been assigned for bulk water operations and asset management in the light of the construction of Metolong dam which will serve the lowlands. The necessary legal framework is in place with the enactment of the Lesotho Water Act (2008) but implementation needs to be improved. LEWA is working on establishing the regulatory framework.</p> <p><i>Source: LWSSSP – 20/11/2012 - Assessment of General and Specific Conditions for the disbursement of the 2nd FT and 1st VT</i></p>
	<p><b>Project approach:</b> Intervention of the EU in the W&amp;S sector very relevant. The 3 towns project has benefited to a large amount of inhabitants, even if there were financial constraints that reduced the previous 6 towns to only 3. This kind of project is also very important for the development of industrial zones. In Maseru the WWTP is a relief and essential to the environment. Water treatment remains a concern: only Maseru is equipped with a wastewater treatment, even that one needs extension. EU plays a very important role in the sector.</p> <p><b>SBS:</b> The feeling on SBS is less confident. It is true that the coordination in the sector has been improved and information between stakeholders is more effective but SBS added a load of work to follow and prepare the reports: no additional funds from GoL to perform this cumbersome amount of papers and reports. Indicators to be fulfilled is time consuming and very challenging. It is difficult to meet the targets of the indicators that were suggested (not imposed) by the EU on design stage. Maybe there was a lack of understanding from the GoL when the indicators were agreed for SBS. Ex: data on water access from Bureau of statistics instead of WASCO and/or DRWS. The challenge was not really understand by officials. The preparation stage must be longer and awareness on the difficulty to get the indicators must be more highlighted. Also at design stage not only ‘politicians’ should be involved but also a larger number of responsible, mainly those who will be in charge of gathering the data: problem of the relevance of people who discuss the SBS. Preparation must be more extensive.</p> <p>The SBS approach led to many confusion and misunderstanding: comprehension that no additional funds are provided to the sector from which significant efforts are requested caused some disappointment amongst the existing GoL sector services: no additional funds, only more work to achieve. Project approach is preferred and if BS is chosen again, then general budget support seems more adequate, this to spread/equalize the burden and resources between stakeholders. Projects also give more employment to Lesotho. You don’t see much about SBS, don’t know where the money goes.</p> <p><i>Source: MN 302– 25-11-2014 – MoF Planning</i></p>
	<p>SBS is easier but WASCO did not receive the expected support: WASCO planned for it and never received it. WASCO was a part of everything but never received anything, so never reached their targets. There was an agreement with MoF with a financial plan per year on what had to be done with the money and</p>

	<p>the output indicators and the objectives.</p> <p>On urban water supply, WASCO was promised that when they perform well then they will be provided with the funding to do the planned works such as reticulation extensions. WASCO never received the money for 2-3 consecutive years. The CoW would be able to tell whether it was a written agreement or an oral. So no additional resources received such that they couldn't implement the works planning in full because of this.</p> <p>Positive side effects of SBS: coordination in the sector, getting the views of the different stakeholders, relationships and getting stakeholders involvement. In practical terms WASCO has better understanding of the various stakeholders and is able to perform a more efficient role when all stakeholders are represented: this helped for works planning and the delivery of services.</p> <p>Project approach reaches more people and is at this stage preferred to extend access to basic services even if implementation of the various components faced a lot of different problems and it took a long time to reach the targets.</p> <p>Next 11th EDF: WASCO has been involved in the programming and EU is listening. For BS progresses are audited as works go along, but the released tranches should be to increased to allow more efficiency. EU BS tranches are far less than those of the WB, which provides in advance the yearly agreed funding: the funds are received as an advance, not on the basis of results, each further tranche being released according to results on targets.</p> <p><i>Source: MN 303/22- 25-11-2014 – WASCO</i></p>
	<p>Despite delays experienced in the implementation of sector policy and strategy, it is noted in general that there has been progress made in the implementation of all the seven policy statements. Great progress appears to have been made on the institutional framework (Policy Statement 7) and transboundary water resources management (Policy Statement 4); considerable progress has also been achieved on water and environment (Policy Statement 3) and sector wide approach (Policy Statement 5) while the activities on water resources management (Policy Statement 1) and water services (Policy Statement 2) shows less progress. More effort is still needed in improving the involvement of stakeholders (Policy Statement 6).</p> <p>The COW has developed the Long-term Strategy for Water and Sanitation and the Water Sector programme that provides the detailed implementation plans for achieving the objectives of the LWSP. The draft Strategy has been completed and is yet to be adopted by Government.</p> <p><b>Institutional Development</b></p> <p>There has been transformation of institutions such as LEA to LEWA and WASA to WASCO aiming at implementing Policy Statement No. 7, Institutional Arrangement and Legislative Framework.</p> <p><i>Source: JAR – LWSSBS – July 2014</i></p>
<p><b>JC 5.2 Support for the sector helped strengthen institutional arrangements for planning and sustainable management at sector level</b></p>	
<p><b>5.2.1</b></p>	<p><b>Evidence that institutional and sector management needs assessments were undertaken, thereby facilitating investment prioritization</b></p>
	<p>Factors and problems, which contribute to the fragile situation in the water sector include:</p> <ul style="list-style-type: none"> <li>• rapid urbanisation and the movement of population from the highlands to the more water scarce lowlands;</li> <li>• demand for higher levels of service, with an increasing expectation of reticulated water systems in rural areas as well as urban;</li> <li>• increased industrial water demand due to the growth of the export-oriented light industries;</li> <li>• increased environmental problems, including declining dry season flows in the Mohokare/Caledon river, high sediment loads and inadequate wastewater treatment;</li> <li>• institutional constraints and involvement of private firms in water</li> </ul>

	<p>distribution;</p> <ul style="list-style-type: none"> <li>• Systematic treatment of wastewater.</li> </ul> <p>(...) WASA and other departments of the MoNR involved in programme implementation have capacity constraints. The programme design includes measures to address these weaknesses by increasing skills, improving management capacity and updating practices. Specific interventions will include (i.a):</p> <p>Capacity building and education activities in public (DWA and WASA) and private sectors in respect of water supply and waste water treatment;</p> <p>Support to rural water supply through micro-projects, decentralised cooperation activities and with the extensive involvement of NSA.</p> <p><i>Source: Financing agreement LWSSP LSO/002/05 9 EDF</i></p>
	<p>The EU role is recognized by all as being crucial given its direct dialogue with the Government through this Budget Support. However, this potential role hasn't been fully performed until now because the capacity building input in the FA is quite reduced and the indicators for the VT are related to service expansion, through infrastructure investments, rather than sector coordination effectiveness. There is the risk that many of the capacity building efforts carried out so far by the WB ("Lesotho Water Sector Improvement Project - Phase II"), Irish Aid (Human Resource Needs Assessment for the Lesotho Water and Sanitation Sector) and the EU itself (Strengthening monitoring and evaluation in the water sector in Lesotho) will not be duly followed up due to CoW's low capacity.</p> <p><i>Source: ROM 05/12/12 Field phase report LS2010/021-644</i></p>
<b>5.2.2</b>	<b>Minutes from sector coordination meetings demonstrating cross-sector participation at an appropriate level</b>
	<p>Budget Support is not yet fully harmonized across donors nor understood by GOL at sector level. Mechanisms are designed and implemented but weakness of CoW leadership makes them less effective than expected. The FA foresees the use of coordination tools such as JAR and a sector PAF coherent with NSDP to be used as a reference by GOL and donors. Although formal mechanisms exist and there is a positive attitude of GOL and donors towards it, coordination is only partially working. EIB and EU, for example, interact more formally than substantially. Regular dialogue with WB exists but would be more effective if it was more continued and comprehensive. There is no dialogue with MCC, who work totally independently. The Government still needs to take the leadership of the whole process.</p> <p><i>Source: ROM LSO 05 MR-02188.01</i></p>
	<p>The quarterly sector co-ordination meetings are the main forum for interaction between Government, water sector institutions, financiers and stakeholders. The water sector is held up as an example of good co-ordination for the rest of Government. Participation of civil society to the JAR 2011 as well as to the sector co-ordination meetings is increasing lively and constructive. Key issues discussed are generally on whether access to water and sanitation to all citizens is a right and whether it needed to be in the Constitution.</p> <p>Three thematic groups were formed at end of 2011 for follow up and reporting to the sector co-ordination meeting on M&amp;E matters. Budget, and Policy and Strategy implementation.</p> <p>Local communities are involved in rural water and sanitation.</p> <p>The sector working group is gradually shifting to a more policy oriented approach reporting against the objectives of the sector policy at the sector co-ordination meetings</p> <p><i>Source: LWSSSP – 20/11/2012 - Assessment of General and Specific Conditions for the disbursement of the 2nd FT and 1st VT</i></p>
	<p>Coordination within the water sector is relatively good. Quarterly water and sanitation sector coordination meetings are involving all key stakeholders, ranging from relevant line ministry departments, NGO's, community based organisations to donors. Joint Annual Reviews chaired by MEMWA are held</p>

	<p>each year around July to assess the progress made in the sector, which reporting is used by the NAO for requesting tranche releases under the EU sector budget support to the sector.</p> <p>Coordination on integrated water resource management, requesting more overarching policy and effective inter-institutional coordination mechanism, is however due for much improvement. The existing gap between the development of environmentally sensitive activities and the capacities of the environmental governance system to guarantee the implementation of regulations and safeguards and ensure enforcement is widening.</p> <p><i>Source: ROM 05/12/12 Field phase report LS2010/021-644</i></p>
<b>5.2.3</b>	<b>Water sector management information systems developed and utilized</b>
	<p>Activities foreseen under this programme includes improving, through technical assistance, provision of hardware/software and training, the effectiveness of sector coordination and regular sector monitoring and feeding in data to the National water Sector Information Management System (finance from 9 EDF). Further is the engagement of technical expertise planned to develop coordination mechanisms and assist sector institutions to fulfil their roles in the sector as requested in the Water Act 2008.</p> <p><i>Source: LWSWP Addendum #1 to FALS/FED/21644 May 2013</i></p>
	<p>Availability of data: Due to communication breakdown, the requisite data was not collected between September - December 2010, and thus the CMS April 2011 cannot be used to report against the indicators. The Lesotho Demographic Survey (April 2011) does contain data on water and sanitation, but given the discrepancies between the purposes, methodology, questionnaires and population of these two surveys, this data cannot be used for comparison purposes.</p> <p><i>Source: PAF report MoNR (CoW)</i></p>
	<p>There is a need to refine and harmonize information production in parallel to sector capacity in order to show progress. Data produced in the past by the Bureau of Statistics to respond to donors' requirements have proved to be inconsistent with those produced by the Sector institutions (WASCO and DRWS in particular). For the future, given the pressure imposed by the need of producing reliable data to qualify for the WSSPSP variable tranches releases, an agreement has been reached between the BoS and the sector to carry out on a regular basis the Water and Sanitation module of the "Continuous Multi-Purpose Household Survey (CSM)", which will provide the required "outcome" measurement in terms of increase in population reached by adequate water and sanitation services.</p> <p><i>Source: ROM 05/12</i></p>
	<p>The CoW was appointed to supervise, integrate and coordinate all water sector activities in the GoL. The CoW is supported by a Policy, Planning and Strategy Unit (PPSU), which advises and supports him on policy, planning, strategic and legal issues related to the water sector. LWSIMS was intended to provide an information platform for enabling the fulfilment of his mandates.</p> <p>The development of the system was started by intensive interaction with the prospective users: CoW, DWA, DRWS, LHDA, WASA, LWSU, LMS, and the MPIU. It consists of three layers: user, intranet (water sector institutions) and the public domain (extranet). The system has been built using common platforms such as SharePoint. LWSIMS has a Programme management system, a Project management system, an Asset management system, a Document management system, and a Spatial viewer for GIS applications.</p> <p>The system is internet-based with central servers at the Ministry of Communications, Science, and Technology data centre, which is responsible for storage/space and facilities for internet connection.</p> <p>The development of the LWSIMS has been a success in that it has created consensus among the water sector organizations in Lesotho on how to structure the information flow within each organization, within the sector and towards the public. It is fully integrated in the efforts made by the GoL through the</p>

	<p>MoCST to create an up to date ICT environment for all governmental organizations.</p> <p>Testing of Management Information System done in 2008, but system crashed in 2012 and is not functional anymore. To the disappointment of all parties involved the LWSIMS crashed in 2012 due to hardware failures induced by power supply interruption and the website www.lwsims.gov.ls is not reachable any more. The support contract with the IT consultancy INTERMAP has terminated and there is not further support to CoW for maintenance. INTERMAP did not hand over the source code to the CoW. The common servers are still in place at the MoCST, but the system is not maintained and the equipment is out-dated. All information up to August 2012 still exists as a backup. The restart of the LWSIMS remains a goal for the CoW and some support from ORASECOM was mentioned, but options are limited as the source code is not with the CoW and INTERMAP does not exist anymore.</p> <p><i>Source: End of Term review of the LWSISP LSO/005-Safège-2013</i></p>
	<p>Data collection and reporting is to date the weakest aspect of the programme. Mechanisms foreseen in FA where insufficiently developed, implemented and monitored. The FA foresaw that reporting on VT indicators would be based on the CMS responsibility of the BoS. The foreseen 2012 CMS was not undertaken due to an unfortunate combination of limited resources and lack of internal coordination. Indicators of the first VT were therefore not measured according to FA mechanisms and sources.</p> <p><i>Source: ROM 05/12</i></p>
5.2.4	<p><b>Evidence of improved sector management, including improved performance monitoring and better data.</b></p>
	<p>Inter-institutional relationships are adequate but informal links between responsible persons are insufficient. Hence communication is not fluent, the level of trust declines and delays are allowed to accumulate as over-emphasis is placed on red tape and procedures.</p> <p>Monitoring and evaluation capacity at all levels of the Government needs to be further improved. Departments, as well as local authorities, often use different systems to monitor their own performance. Systems are, among others, plagued by using different monitoring formats and by weak coordination, unclear definitions of concepts, capacity problems, and inadequate sharing of results across stakeholders. The new M&amp;E framework, currently being developed for the NSDP, will focus on over-all performance of the national sectors and programmes/projects, while systematically reporting on progress towards outcomes.</p> <p><i>Source: ROM LSO 05 MR-02188.01</i></p>
	<p>AF mentioned that the Bureau of Statistics (BoS) was to provide baseline and “relatively timely” reports on regular monitoring of indicators. CoW was supposed to present it annually in Joint Annual Reviews. First JAR in 2011 was just about satisfactory but apparently organizing this year’s JAR has been problematic and the next is planned for June-August 2013. In absence of a framework, systematic monitoring of risks is not being done.</p> <p>Data collection and reporting is to date the weakest aspect of the programme. Mechanisms foreseen in FA where insufficiently developed, implemented and monitored. The FA foresaw that reporting on VT indicators would be based on the CMS responsibility of the BoS. The foreseen 2012 CMS was not undertaken due to an unfortunate combination of limited resources and lack of internal coordination. Indicators of the first VT were therefore not measured according to FA mechanisms and sources. Alternatively, two out of four indicators were reported based on sector data while the other two remained unreported for. Proposed rider 1 to the FA redefines all four VT indicators and establishes new (non-cumulative) targets as reported by the sector (WASCO and DRWS, validated by CoW). These urgent solutions seem appropriate in the short-term but in the mid-term the SPSP merits checking the relevance of the indicators and targets as well as the objectivity and reliability of sources. The baseline</p>

	<p>calculation also needs clarification as for the rural sector it seems to contradict with the SOWR report. As for general capacity, it is improving, as M&amp;E unit in CoW is established since Jan 2010 and has been and is being supported by TA. The Bureau of Statistics has already included the water questionnaire in the CMS which it foresees to elaborate quarterly.</p> <p><i>Source: ROM 05/12</i></p>
	<p>In addition to the often repeated statement concerning chronic capacity problems experienced by the GoL, it must be underlined that there is a capacity weakness in the ECD. The multiplication of contractual and payment procedures is disproportionate with respect to the human resources. Coordination and management of the programme whilst encouraging local ownership has resulted in a chain of decision. Between the contractor and including the EC delegation there are 4 steps after the supervising engineer completes any claim or variation order. Officials in the offices of WASA, COW, the National Authorising Officer (NAO) and the ECD office all have to scrutinize the documents. Given that the COW and WASA are part of the Ministry of Natural resources this makes little sense and encourages fragmentation and delays.</p> <p><i>Source: ROM 2188.02</i></p>
	<p>At the time of formulation, coordination and dialogue structures were rather informal but were expected to be developed during implementation. The structures for such dialogue exist although substantial progress is slow. Government ownership seems adequate. However, taking into account that the water and sanitation sector is strongly dependent on external financing, donor intervention needs to be adequately coordinated, avoiding the risks arising from donor-driven reforms, including those addressing capacity building issues. The FA foresees the use of coordination tools such as JAR and a sector PAF coherent with NSDP to be used as a reference by GOL and donors. Although formal mechanisms exist and there is a positive attitude of GOL and donors towards it, coordination is only partially working. EIB and EU, for example, interact more formally than substantially. Regular dialogue with WB exists but would be more effective if it was more continued and comprehensive. There is no dialogue with MCC, who work totally independently. The Government still needs to take the leadership of the whole process.</p> <p>A sector PAF exists and is used as a common reference, however disbursement are not coordinated with other BS programs (EU and WB GBS). Several documents produced show progress made concerning sector policy.</p> <p><i>Source: ROM LSO 05 MR-02188.01</i></p>
	<p>TA to the Office of the Director of the Bureau of Statistics is to establish efficient planning, steering, and budgeting and communication structures. The use of planning, integrated with effective budgeting tools and human resource development, needs to be internalised in the organisation. In addition to the strengthening of internal management in the Bureau, there is a need in all divisions to improve technical skills. In this context the Adviser will provide managerial advice to assist the Office of the Director of the Bureau of Statistics in establishing an efficient planning, steering, budgeting and communication structure within the Bureau with the overall objective of increasing the Bureau's capacity to produce timely, relevant and accurate statistics.</p> <p><i>Source: TA to Office of The Director Bureau Of Statistics Institutional Capacity Building MOF</i></p>
	<p>The Act define specific functions for CoW including the following:</p> <ul style="list-style-type: none"> <li>- To provide policy direction to the water sector</li> <li>- Implementation and monitoring of water and sanitation policy</li> <li>- Development of water and sanitation strategies and plans</li> <li>- Acting as custodian of the national water resources data base</li> <li>- Coordination of water management activities, including transboundary waters</li> <li>- Advice to the Minister on management of and utilization of water resources and</li> </ul>

	<p>The COW's Office is also responsible for developing and maintaining sector M&amp;E system and reporting frameworks; and maintaining and updating the 'Lesotho Water Sector Information Management System' (LWSIMS). The COW's Office provides information on water and sanitation services based on data from the Water and Sewerage Company (WASCo) and Department of Rural Water Supply (DRWS) as well as data from the Bureau of Statistics (BOS) on access to water and sanitation. WASCo operates internal data management systems on the urban networks and operations. DRWS operates a 'District Information System' with data on the individual rural water systems. DRWS and WASCo prepare annual reports.</p> <p><i>Source: Act the Office of Commissioner of Water (CoW)</i></p>
	<p>The Monitoring and Evaluation (M&amp;E) unit at the office of the Commissioner of Water (COW) has been established.</p> <p>The vision for the water and sanitation sector M&amp;E system as described in the 'M&amp;E Programme' can be expressed as: The Lesotho Water and Sanitation sector will have a fully functioning M&amp;E system with the Web-site of the 'Lesotho Water Sector Information System' (LWSIMS) as the main information sharing hub. The M&amp;E system will be used actively by stakeholders and in the Government's and Development Partners' (DP's) sector reporting, planning and coordination.</p> <p>The M&amp;E system will be founded on the existing data management systems in the sector institutions and related institutions i.e. the Bureau of Statistics (BOS). The existing systems will need to be enhanced and integrated to form an effective system.</p> <p>The work is focussing on the reporting formats for sector institutions and the development of a common GIS system for the water sector. The GIS is seen as a key tool that will facilitate the integrated planning of water and sanitation services as well as a key tool for the water resources management and catchment management activities. Additional TA for the assessment of possibilities and design of the sector GIS started in July 2013.</p> <p>Human resources development is a key part of the M&amp;E Programme and without in-house capacity at an appropriate level to maintain the M&amp;E system, the investment in the system will not be sustainable. The burning issues seem to be: 1. Capacity in COW M&amp;E Unit for maintaining the LWSIMS and GIS; 2. Capacity in DRWS for IT and GIS; and 3. Capacity in DWA for GIS/ basin models/ remote sensing.</p> <p>The LWSIMS is not working and a new set-up utilising a server at COW is the most favoured solution in connection with and linked to the proposed ArcGIS server that will host the GIS data for the water sector.</p> <p>The main challenge in the water sector in relation to M&amp;E remains the allocation of adequate and consistent human resources to work on the M&amp;E systems in the COW's office and the sector institutions</p> <p>There is no specific assignment of M&amp;E duties in WASCo after the resignation of the Strategic Financial Planning officer in early 2013. Strengthening is still required in the integration of the various data systems and rolling out the use of GIS tools to operations and customer relations.</p> <p>The Lesotho Water Sector Information Management System (LWSIMS) is still not operational and this reduces the information dissemination to sector stakeholders and the development of common reporting tools based on the LWSIMS platform. The revitalisation of the LWSIMS is included in the development of a Communication Strategy for the water sector, however this has been delayed due to procurement challenges.</p> <p><i>Source: JAR – LWSBS – July 2014</i></p>
	<p>Results on development of the sector seem relatively weak. Projects suffered from various delays either because of budget underestimated (6 towns) or problems with the contractor (Maseru WWTP). Same applies for SBS although results on a long term could be more efficient.</p> <p>Projects may improve available 'quantities' but with relative sustainability,</p>

	<p>budget support seems to improve 'quality' but with mitigate impact on access to services. Results from projects may be considered as more tangible but sustainability of results remains uncertain. SBS has improved the exchange of all stakeholders sharing regular meetings, coordination improved.</p> <p>The sector co-ordination meetings are the main forum for interaction between water sector stakeholders. The sharing of information between the World Bank appears less effective and given that MCC acts by its own, Irish Aid is gone and GIZ might also leave Lesotho, the EU is nearly the only financial partner (as grants are concerned).</p> <p><i>Source: MN 301– 24-11-2014 – DEU Water</i></p>
5.2.5	<b>Evidence of well managed capital investment and maintenance activities.</b>
	<p>Inputs require once they have been completed, to be supported institutionally and maintained. It is difficult to judge the capacity of the GoL side to look after the completed works (the 3 Towns and the waste water project). On the negative side the fragmentation of the management of the current initiative, the status of the IMS project and the mixed results of the training of WASA staff must give some cause for concern.</p> <p>The CoW was forthright in advising that WASA in his opinion was unable to take over supervision of the three Towns project if the contract of the present engineers was not extended. These indicators would appear to portray institutions that either do not have full confidence in themselves or are seriously understaffed with experienced engineering personnel. The latter is perhaps the case as there is a constant 'brain drain' across the border to South Africa of qualified personnel. It must be concluded therefore that without future inputs of technical assistance or a greater involvement of the private sector the water institutions are at present unable to fully fulfil requirements made upon them.</p> <p><i>Source: ROM 2188.02</i></p>
	<p>Support maintenance activities, repair &amp; replacement of faulty items during defects liability period: maintenance is not included in contracts (Maseru WW).</p> <ul style="list-style-type: none"> <li>• Training of local WASCO staff in effective &amp; sustainable O&amp;M of the water supply and sanitation systems: training was given in leak detection and installation works;</li> <li>• Preparation, publication and delivery of O&amp;M Manuals: manuals available in Maseru (hard copy), WASCO was advised to provide copies also to the towns;</li> <li>• Design, customisation and delivery of preventive maintenance systems incl. hardware and software: this item was dropped as WASCO has its own system;</li> <li>• Carrying out of loss reduction activities: installation of bulk water meters, determination of night flows, inspection and repair: bulk water meters have been installed, leak detection has taken place, mains are walked regularly;</li> <li>• Sufficient human resources for the management and O&amp;M of the systems are at disposal: Operations Managers for water and wastewater and a Town Manager are in place plus Area Managers in each town</li> </ul> <p><i>Source: End of Term review of the LWS SP LSO/005-Safege-2013</i></p>
	<p>Some of the weaknesses identified:</p> <ul style="list-style-type: none"> <li>• Centralise the financial management function: Following the 2012 general election and the subsequent change of ruling party, the former Ministry of Natural Resources was divided into two ministries: Ministry of Energy, Meteorology and Water Affairs (MEMWA) and Ministry of Mining. The new MEMWA is thus still in the process of refining its new organisational structure and defining specific responsibilities related to issues such as procurement systems, payroll performance, off-budget funds and level of decentralisation</li> <li>• Gain oversight in payment arrears: The Internal Audit Department of the Ministry of Finance conducted an arrears verification exercise in March 2012 for the Ministry of Natural Resources. Government has prepared a response to the</li> </ul>



	<p>exercise in the form of a strategy to reduce arrears</p> <p>It is clear that much needs to be done to improve expenditure against budget and specifically reporting on Capital Projects budget This can be attributed, in part, to delays under the on-going Metolong dam project as well as under-reporting of expenditure, especially where expenditure is off-budget. In terms of presentation of the budget, there is room for improvement with sector budget support being presented as an item under the capital budget.</p> <p><i>Source: LWSSSP – 20/11/2012 - Assessment of General and Specific Conditions for the disbursement of the 2nd FT and 1st VT</i></p>
<b>5.2.6</b>	<b>Water and sewerage charging systems put in place, with improving cost recovery</b>
	<p>WASA began the project implementation as a government-controlled body. The organization has changed its status becoming a private company. This asset will permit a higher autonomy that can facilitate the continuation of services after the end of financing period.</p> <p>The Immediate Measures for the Maseru WWTP were largely needed because of deferred maintenance of the Maseru sewerage system and treatment works. In WASA's Performance Agreement wastewater did not figure very prominently. This is going to change as WASCO is now being regulated by LEWA. WASCO sewerage customers are charged for wastewater treatment at a cost-covering fee of LSL8/m<sup>3</sup> which is directly linked to their drinking water bill (85%).</p> <p><i>Source: ROM 110821.03</i></p>
	<p>A Tariff Policy Study was finalised in March 2007 and a tariff strategy was agreed between GoL and WASCO. WASCO has adjusted its water and wastewater tariffs in 2008, using a block structure, with a low rate for small users and higher rates for larger users. The tariff is adjusted to inflation on an annual basis. The new tariff is assumed to cover O&amp;M and some repayment of loans. Pre-paid standpipes have been successfully introduced in a number of places.</p> <p><i>Source: End of Term review of the LWSSSP LSO/005-Safège-2013</i></p>
<b>5.2.7</b>	<b>Evidence of effective financial controls, including cost recovery through user charges, in the sector</b>
	<p>According to statutory requirements for WASCO, tariff revenue needs to cover operation &amp; maintenance, depreciation and debt service. In the case of grant funding there is no debt service. The water and sanitation tariffs of WASCO are the same for all towns serviced by WASCO. The tariffs are annually adjusted to inflation, for the last time on 1 April 2013, and now consists of a standing charge of LSL 36.68 per month (LSL 21.93 when using less than 5 m<sup>3</sup> per month), LSL 3.59 for the first 5 m<sup>3</sup>, LSL 6.07/m<sup>3</sup> for the next 5 m<sup>3</sup>, LSL 10.67/m<sup>3</sup> for the next 5 m<sup>3</sup>, and LSL 14.71/m<sup>3</sup> for any additional consumption per month. For an average household of 5 persons and a consumption of 60 l/cd this works out at LSL 43 (EUR 3.44) per month per family, or at 4.70/m<sup>3</sup> (EUR 0.38/m<sup>3</sup>). This is less than 5% of the income of people living at the poverty line of USD 1.50/cap/day, and therefore considered affordable.</p> <p>Non-domestic consumers (excl. government and churches) pay a standing charge of LSL 244.23, government LSL 352.77 and churches LSL 176.39 per month. Non-domestic consumers (excl. schools and churches) pay a flat water rate of LSL 9.71/m<sup>3</sup>, schools and churches pay a flat rate of LSL 9.63.</p> <p>Sewerage is charged at LSL 8.00/m<sup>3</sup> on 85% of the water consumed in case of water-borne sewerage and on 60% of the water consumed in case of non-water borne sewerage. Septic tanks, conservancy tanks and VIPs are emptied by WASCO vacuum trucks at the rate of LSL 350.</p> <p>Under the present set-up LEWA has to authorize changes in water and wastewater tariffs other than adjustment to inflation.</p> <p>In the urban areas, the WASA cost recovery system is efficient and the recovery is around 90%, yet there are insufficient funds to cover the WASA operating costs and investment costs. The WASA prices for the water services remain low</p>

	<p>but the majority of water consumers are more concerned about the reliability of water supplies rather than price.</p> <p>No tariff is charged by DRWS for water supply or maintenance in rural areas, although a contribution is sometimes made in kind by the beneficiaries. This lack of appropriate revenue collection will have implications for the long-term sustainability of the rural water and sanitation facilities, their maintenance and development.</p> <p><i>Source: End of Term review of the LWSSP LSO/005-Safege-2013</i></p>
	<p>The WASCO water and wastewater tariffs are deemed to cover O&amp;M and depreciation. According to the 2011 audit annual report WASCO's operational expenditures and income are more or less in balance. The company had cumulated losses of LSL 52 million. These losses mostly originate from the company's inability to meet depreciation costs and interest on loans. Under the new supervision by LEWA, the tariff structure will be revised and should make provisions for depreciation and interest.</p> <p>Concerning cost recovery, especially in the rural and mountainous areas of Lesotho, full cost recovery is not possible in the field of water supply. However, where potential exists, cross subsidisation will be considered as a departing point for delivering services to all segments of the population. Under the 10th EDF aspects connected to maintenance are already taken into consideration in sector policy implementation and reflected in specific programmes. This will continue to be the case for the 11th EDF.</p> <p><i>Source: End of Term review of the LWSSP LSO/005-Safege-2013</i></p>
<b>5.2.8</b>	<b>Support for the sector has facilitated recruitment and/or training of additional qualified technicians</b>
	<p>Sufficient human resources for the management and O&amp;M of the systems are at disposal: Operations Managers for water and wastewater and a Town Manger are in place plus Area Managers in each town.</p> <p>In order to keep LWSIMS operational, at the Central (CoW) level a LWSIMS Manager, a Scanner/Printer operator, a GIS Administrator, an ICT Systems Administrator, a Document &amp; Records Management Specialist are required. This staff has been trained under the consultancy contract and is able to use the system as intended, but no guarantees are there that they will stay or pass their knowledge on to their successors in case they would leave.</p> <p><i>Source: End of Term review of the LWSSP LSO/005-Safege-2013</i></p>
	<p>The training programme carried out by STSI comprised 37 training events covering 28 subject areas. Training inputs were given between March 2009 and January 2010 involving 341 WASCO employees from 16 towns. Of these employees 89% were still working with WASCO, 2% are pensioned, 4% had resigned and 5% had passed away; nobody was dismissed. Both trained staff and management expressed their satisfaction with the provided training.</p> <p><i>Source: End of Term review of the LWSSP LSO/005-Safege-2013</i></p>
	<p>Although Strengthening of sector's institutions is on-going, especially with assistance from the WB "Lesotho Water Sector Improvement Project - Phase II" and the EU TA for M&amp;E, there are significant needs not yet covered, especially related to WASCO's apparent insufficient technical and financial capacity to manage large new projects in the medium and long term. Furthermore, the rapidly deteriorating rural systems are another unresolved issue, which some specialized actors should take care of, especially concerning governance and maintenance aspects.</p> <p><i>Source: ROM 05/12</i></p>
	<p>A Water Sector Improvement Program focusing on HR input over a medium to long term period is essential to enable the sector achieve its strategic objectives.</p> <p>Currently, there are gaps in the supply of skills in the district levels, and the survey revealed that there is inconsistency in the filling of positions and confirmation of staff on temporary basis. There is a clear mismatch between appointees and the jobs (requirements). One of the contributing factors is that the MOPS makes recruitment decisions for the sector departments (excluding</p>

	<p>WASCO), which mostly result in this mismatch.  <i>Source: Human Resource Needs Assessment for the Lesotho W&amp;S Sector Report – Irish Aid 08/2011</i></p>
	<p>The EU Water SBS has not been provided (hence not utilised) specifically. In fact SBS funds have not been made available (!) and means to reach the targets under the SBS indicators were covered with the help of MCA funded programme (!), including a TA based at COW office. EU SBS made not much difference in the activities and they were quite happy to be funded by the MCA to achieve the conditions for the release of the various SBS tranches. MCA performed under a project approach that they consider in this case as more appropriate. No additional funds to the annual budget ceiling were provided by the MoF. They agree for a BS approach from the EU but then it should be a general budget support with few indicators for few different sectors. Efforts and means would be more balanced between the Ministries.</p> <p>Results from the EU SBS are mainly:</p> <ul style="list-style-type: none"> <li>• SBS was good in terms of coordination, the water sector reforms have been strengthened;</li> <li>• power of CoW got enhanced and stronger</li> <li>• stakeholders speak more together and are better coordinated (efficiency of a sector advocacy)</li> <li>• SBS increased the quality of the sector but not the quantity aspects: no real significant improvement in terms of access to services. For that project approach seems more relevant and efficient.</li> <li>• M&amp;E has been improved but the database crashed, so they can't plan safely because they don't have an operating database system. The backup of the data base is still available and could be restarted if possible</li> <li>• strategic and managerial capacities need still improvements due to the lack of regular and reliable data;</li> <li>• although important, the EU BS current weight in the sector budget is moderate</li> <li>• On the increasing access to basic services and more specifically the quality of the services delivered, if they have no formal figures ('no proof'), they have the 'feeling' that things are going better because of a more efficient approach on sharing information and setting priorities. For the CoW office, quality of services is now improving for all levels of W&amp;S services, but there is still a long way to go mainly due to capacity limitations (number and qualifications of available personnel in the sector)</li> </ul> <p>Agree for SBS but want also specific projects, if it is make sure that it can go to the end of its outputs (budget available at start). Have a lot of studies ready (Metolong dam which serves 80% of the population for example) but they don't have the budget to invest there. The projects are already prioritised: there is a national Water master plan. So EU should not produce new studies and just join the efforts with more funds for a specific tranche of works. In the sector the funding goes beyond any single agency capacity and they need a blend from several donors.</p> <p>The main recommendation that they put forward is to create at the university (high school) level an education for the water and sanitation topics, so that there is a potential to get a continuous source of human resources for their sector instead of TA which is provided only during a limited period with often unsustainable results.</p> <p>A MTEF for the sector is needed. Now there is only one for the Ministry and they have no predictability on funding. They always ask more but they never understand the ceilings put on the sector by the MoF (what is the basis to establish the ceiling?).</p>

	<p>They managed better but they didn't plan better: the data base crashed and so they can't plan because they don't have the data. It was an information tool that was feeding into the planning. The BOS should provide data but doesn't supply so they rely on WASC and rural water supply. There is a problem of indicators (different between BOS and WASCO/rural but now are supposed to have an agreement.)</p> <p>For them SBS and GBS is the same because they don't get the money. The only thing is they were pushed to produce these indicators. They receive exactly the same budget allocations every year but often they do not even receive their ceiling and their allocation is not related to their activities. But on the whole there is no trend in the budget that shows an increase.</p> <p><i>Source: MN305 – 27-11-2014 – Commissioner of Water</i></p>
<b>JC 5.3 Support initiatives in the sector were coordinated and complementary</b>	
<b>5.3.1</b>	<b>Evidence of analysis of lessons learned from previous water sector interventions reflected in new activities</b>
	<p>A review of past development cooperation programmes was conducted in November 2000, with the particular objective of identifying the lessons be learned. The more significant findings of the review were:</p> <ul style="list-style-type: none"> <li>• The lack of an adequate capacity within GoL for effective policy analysis and for the identification, preparation and implementation of development plans and interventions frequently led to inappropriate definition of priorities, sub-optimal use of scarce resources and a non-coherence of support by donors, including EC;</li> <li>• Insufficient attention was paid to a realistic assessment of institutional, policy and capacity weaknesses in those areas that received EC financial support. In the water and sanitation sector efforts to provide support were hampered by (a) lack of understanding of immediate, medium- and long-term demands in the sector, particularly those resulting from demographic changes. This was aggravated by continued under-investment in the sector, in spite of increased demand, particularly in the urban and peri-urban areas, resulting in serious deficits in water and wastewater infrastructure; (b) weak institutional capacity at all levels in the planning and operating of water and wastewater systems.</li> </ul> <p>In devising the EC response strategies for the 9th EDF, the lessons learned have been taken into account, particularly in the areas of water supply. The institutional, policy and capacity constraints are being addressed in a coherent manner. Institutional reform is on-going and there is growing cooperation and coordination between the key donors in the sector.</p> <p><i>Source: Financing agreement LWSSP LSO/002/05 9 EDF</i></p>
	<p>The proposed EC support under the 10th EDF is harmonised with that of the three Member States prominent in Lesotho within an increasingly convergent joint analysis and a shared intention to simplify and align programme support with GoL development plans. The EC response strategies mesh with the current and planned areas of concentration of the MS. The EC and MS are participating in the broader but looser grouping of DPs represented in the Development Partners Consultative Forum (DPCF) to optimise the combined impact of external technical and financial assistance.</p> <p>Despite recent improvements in the frequency and depth of consultations between DPs, the GoL's management and administration of external assistance remains weak.</p> <p><i>Source: Financing agreement LWSSP LSO/002/05 9 EDF</i></p>
<b>5.3.2</b>	<b>Linkages established between EU support and support from other sources</b>
	<p>The EU BS current weight in the sector budget is moderate, particularly as other donors such as EIB, MCA and IDA are heavily investing in it, mainly through the Metolong project. In fact, the water and sanitation sector in Lesotho is very much dependant on external funding.</p> <p>The FA foresees the use of coordination tools such as JAR and a sector PAF</p>

	<p>coherent with NSDP and is used as a reference by GOL and donors. Although formal mechanisms exist and there is a positive attitude of GOL and donors towards it, coordination is only partially working. EIB and EU interact more formally than substantially. Regular dialogue with WB exists but would be more effective if it was more continued and comprehensive. There is no dialogue with MCC, who work totally independently. The Government still needs to take the leadership of the whole process.</p> <p>Budget Support is not yet fully harmonized across donors. Mechanisms are designed and implemented (JAR, PAF, quarterly meetings) but weakness of CoW leadership makes them less effective than expected.</p> <p><i>Source: ROM LSO 05 MR-02188.01</i></p>
<b>5.3.3</b>	<b>Existence of sector working groups and scope of their work</b>
	<p>The monitoring and evaluation unit within the Office of the CoW was set up on January 2010 staffed with one senior monitoring officer and one economist. The unit supports sector departments to provide regular monitoring of progress within priority areas.</p> <p>The CoW will organise the Joint Annual Sector Review (JASR) in July/August once a year and quarterly sector coordination meetings (which includes representatives of all groups of stakeholders in the water sector that is NGOs, Ministry of Finance, NAO, governmental agencies and donor partners). During the JASR, he will present his/her Annual Sector Performance Assessment Report on the assessment of the chosen indicators and his Annual "Status of Water Resources Report".</p> <p><i>Source: LWSSP Addendum #1 to FALS/FED/21644 May 2013</i></p>
	<p>Meetings hold on 12/05/11; 25/07/11; 17/04/12; 06/03/11; 08/11/11, 05/09/12; 11/07/12; 23/05/12</p> <p>The Lesotho Water and Sanitation Sector Coordination Meeting is a formal forum in which government agencies, development partners and all other stakeholders meet to report on their activities and progress and discuss sector policy, strategy, planning, prioritisation and major issues of implementation. It has arisen from the Government's water and sanitation sector policy which aims to establish a sector wide approach.</p> <p>1. Membership</p> <p>Chair: PS of Natural Resources</p> <p>Co-chair: Commissioner of Water</p> <p>Secretariat: Commissioner of Water's office</p> <p>Members: Representative of Min of Trade (LNDC, Industrial estates)</p> <p>Representative of Min of Forestry (Soil and Water Conservation)</p> <p>Representative of Min of Agriculture (Irrigation)</p> <p>Representative of Min of Health (Water and Sanitation for clinics, Hygiene campaigns)</p> <p>Representative of Min of Finance and Development Planning</p> <p>Representatives of Local Government Structures</p> <p>Dep. of Water Affairs</p> <p>Dep. of Rural Water Supply and Sanitation</p> <p>WASA</p> <p>Metolong Authority</p> <p>LHDA</p> <p>CoW</p> <p>Lowlands Water Supply Unit</p> <p>NGO's active in the Water and Sanitation Sector (TRC, World Vision, Red Cross, TET)</p> <p>Global Water Partnership Lesotho Section</p> <p>Representatives of Private Sector (Chamber of Industry, Textile Association)</p> <p>MCA, EU Delegation, IRISH Aid, WB, EIB, BADEA, GTZ, UNDP/IFAD</p> <p>2. Goal</p> <ul style="list-style-type: none"> <li>• To facilitate the exchange of information between stakeholders and</li> </ul>

	<p>improve the coordination of planning and activities in the water and sanitation sector in order to increase the efficiency of funds invested in the sector and of water resource management;</p> <ul style="list-style-type: none"> <li>• To better align development partners behind the Water and Sanitation Sector Policy and Strategy based on the principle of mutual accountability.</li> </ul> <p><i>Source: Meeting reports – Minutes of the PFM improvement and reform steering Committee (Ministry of Finance)</i></p>
<b>5.3.4</b>	<b>Coordination between different water sector projects and programmes supported by the EU</b>
	<p>The project is continuously monitoring all activities, also through meetings with sub-contractors. Corrective measures are decided in a shared way and taken in time. A Memorandum of Understanding (MoU) was signed between WASA, EU Delegation, EIB and GoL, to organize the management and implementation of the project. Meetings among signatories are not implemented as planned and joint monitoring is not carried out.</p> <p>An Infrastructural and Technical Committee is set at the Ministry of Public works to encourage synergies and avoid problems in implementing activities. The project is integrated with a main programme concerning wastewater in Maseru and is coherent with similar activities funded by EU and with Water Sector Improvement Project funded by World Bank.</p> <p><i>Source: ROM 110821.03 Maseru Waste water</i></p>
	<p>Coordination within the water sector is relatively good. Quarterly water and sanitation sector coordination meetings are involving all key stakeholders, ranging from relevant line ministry departments, NGO's, community based organisations to donors. Joint Annual Reviews chaired by MEMWA are held each year around July to assess the progress made in the sector, which reporting is used by the NAO for requesting tranche releases under the EU sector budget support to the sector.</p> <p><i>Source: ROM 05/12</i></p>
	<p>A Project Steering Committee (PSC) for the MWWP was established in 2008, and a ToR for the STC approved mid 2008, however the representation was revised in 2011 after the change of the status of previous traditional parastatal (WASA) into the more independent and business-like WASCO. All key stakeholders were represented in both periods.</p> <p>The PSC was ref. the ToR from mid 2008 and onwards supposed to meet each quarter. The frequency of meetings however was ref. the PSC Minutes on PIU files much more limited.</p> <p><i>Source: MTR of Maseru WW project – Final report – WASCO/ Posb &amp; Partners Ltd - July 2012</i></p>
	<p>The Sector Coordination Meetings provide a forum for stakeholder involvement, policy dialogue and dissemination of information on various aspects of water sector programmes in order to broaden ownership by all stakeholders, and development partners for effective pooling of resources. It takes place through quarterly coordination meetings chaired by the MEMWA Principal Secretary (PS). The goal of the Sector Coordination Meeting is:</p> <ul style="list-style-type: none"> <li>• To facilitate the exchange of information between stakeholders through policy dialogue and improve the coordination of planning and activities in the water and sanitation sector in order to increase the efficiency of funds invested in the sector and of water resource management;</li> <li>• To better align development partners behind the Water and Sanitation Sector Policy and Strategy based on the principle of mutual accountability</li> </ul> <p>Target 2014: Regular high-level donor coordination meetings of Minister of Energy, Meteorology and Water Affairs with the Minister of Finance and Development Planning and senior representatives of Development Partners supporting the water and sanitation sector (at least twice a year).</p> <p>Achievements by March 2014: Sector Coordination Meetings held in all four</p>

	<p>quarters of 2013/14 and the records are available. The high level donor coordination meetings were not held. The list of meetings is as follows  <i>Source: JAR – LWSBS – July 2014</i></p>
<b>5.3.5</b>	<b>ROM reports for technical assistance provided indicates that the support contributed to improved sector coordination</b>
	<p>(Maseru WW &amp; 3 towns) There is no exit or phase out strategy in place. There is the standard defects period but at this point in time there is no indication of how this will be supervised and managed  <i>Source: ROM 2188.02</i></p>
	<p>Although there are major challenges to be overcome the Government has made good progress towards achieving the MDGs, especially for water. Important is that the capacity of actors like the office of the Commissioner of Water, DWA, DRWS, WASCO etc. for delivering such is continuously improved. This will guarantee not only increased access to services, but also the ability to keep serving the people of Lesotho with safe water and improved sanitation facilities  <i>Source: ROM 05/12</i></p>
<b>JC 5.4 The sector has become more efficient and effective in its service delivery and contributed to improved W&amp;S access and quality of provision</b>	
<b>5.4.1</b>	<b>Percentage of unaccounted for water has been reduced</b>
	? no data
<b>5.4.2</b>	<b>The number of additional households in target areas having received connections is on target</b>
	<p>The Micro Projects Programme involved some small water and sanitation activities. Despite slow initial procedures to select the sites, the MCU has been able to execute 206 projects, which were mainly education and water scheme projects. Though there was fast progress during the last phase the MPP did not reach the expected targets. 13 out of 30 school buildings (26/60 classrooms) were completed and 64 out of the 92 water schemes were completed.</p> <p>The efficiency was sometimes questionable, especially for those projects in which technical issues had not been resolved before the project closure, leaving some community without access to water. The projects reached the beneficiaries, and there was evidence of satisfaction in all poor communities and the communities considered the project as their priority. Benefits are greater for those who receive benefits from both water and latrine projects. Sustainability is probably the most critical aspect which has not been sufficiently addressed during the implementation, due to the weak support in training the communities and the lack of decentralized responsibility.</p> <p><i>Source: Final Evaluation of The Lesotho Micro Project Programme (MPP) (Project No. 8 ACP LSO 003) FwC Final Report - March 2009 - COWI</i></p>
	<p><b>Urban services</b></p> <p>On-going investments in the sector are intense and will produce a substantial improvement of the water and sanitation services in the urban areas in the medium term, especially in the capital, Maseru. Different sources agree in indicating an average annual increase of 3,000 household connections in recent years, corresponding to an estimated population of above 15,000. This figure, representing an average annual increase of 6% in terms of served population takes also into account 2% urban demographic growth. Major qualitative and quantitative future improvements in the water service in Maseru and neighbouring towns are expected to take place starting in late 2014 as a result of Metolong entering into operation. Regarding urban sanitation there are also significant on-going infrastructure investments, especially the EU-financed Maseru Waste Water Project, which is expected to provide service to a significant portion of the capital's population and several industrial settlements.</p> <p><b>Rural services</b></p> <p>Slower improvements are expected in the rural areas because the gap to cover is high and the size of investments is sensibly lower. Moreover, the quality of management of these new investments is normally rather poor. A considerable number of rural water schemes are constructed every year. DRW prioritizes</p>

	<p>communities according to their needs, carries out the studies and designs using its own personnel and tenders out construction to local contractors. Supervision is also DRW's direct responsibility but when it comes to organizing the beneficiary communities to operate and maintain the systems, training of local committees is quite brief and superficial and follow up is almost inexistent. This results in the poor management of new infrastructure, service being lower than expected by users and local committees not working properly, particularly concerning tariff collection. These factors lead to rapid infrastructure deterioration. The expected implication of local authorities is apparently still very insufficient and in practice local water committees do not receive any real assistance to improve their functioning.</p> <p>Unlike for urban data, available baseline data for rural water and sanitation coverage are contradictory. Population served by improved systems varies from 45 to 50% according to the State of Water Resources Report 2011, while it should be more than 60% according to the FA baseline data. This difference seems to be due not only to a different definition of "served population" but also to the high number of non functioning system which ranges between 5 and 30%, according to districts. If one considers that DRWS investments in new and rehabilitated systems benefit each year 30 000 to 40 000 people, annual increase in terms of properly served population should be approximately 6%, which is higher than the FA expectations, although this could not be appropriately documented in the GoL's request for VT disbursement.</p> <p><i>Source: Assessment of general and specific conditions for the disbursement of the second fixed tranche and first variable tranche – EUD 11/2012</i></p>
	<p>The project agreement Summary Action notes that it directly targets 100,000 <i>people</i> (Poor Households (40%) Low Income Households (34%) and Middle and High Income Households (26%)). It further notes that final beneficiaries will be 149,000 <i>households</i>. Given that the project coverage has been substantially reduced because of costs from 6 to 3 areas particularly in the Agric. College catchment, these figures require further review. Project management maintain that with the number of people moving into these areas the number of beneficiaries will not change and will perhaps even increase. The design of the system also means that it can work at a far higher capacity.</p> <p><i>Source: ROM 11821.02</i></p>
	<p>Willingness to connect to systems is currently a problem: so far only several hundreds of households are connected to a new sewerage network in Maseru. Sensitisation programmes to make households better aware of hygiene benefits of sewerage system connections, also for sustaining investments made, seems due. Overlap of responsibilities in the sector could be emerging as mandates and responsibilities are not clearly (re)defined with new actors introduced in the sector</p> <p><i>Source: MTR of Maseru WW project – Final report – WASCO/ Posh &amp; Partners Ltd - July 2012</i></p>
	<p>The MdG 7c Indicator (% of population with sustainable access to an improved water source):</p> <p>1990: 64%</p> <p>2000: 77%</p> <p>2004: 79%</p> <p>2007 81%</p> <p>2015 81%</p>
	<p>Although the country is likely to be on track towards achieving the MDG 7c as far as access to water is concerned, Government is progressing at a slower pace than expected in relation to its own goals. Nevertheless, the development targets set in the sector policy may have been too ambitious and partly donor driven. It takes time before investments in the overall water systems (3 Towns, Maseru peri-urban projects, Millennium Challenge Account and Metolong) result in increases in access to water. The investments in 3 Towns and Maseru peri-urban were</p>



	<p>completed in 2010/11 and WASCO is only now reporting substantial increases in connections. Last financial year (ending March 2012) WASCO reported more than 8,813 new connections - far above the targets for earlier years and this is only possible because of investments made years earlier.</p> <p>Reliability of the water supply is also improving. WASCO has targets for service reliability i.e. reducing the number of customers that are served less than 18 hours per day and in 2010/11 this was achieved for 2 460 customers and for 2011/12 they report that 1 152 customers enjoy improved service.</p> <p><i>Source: LWSSSP – 20/11/2012 - Assessment of General and Specific Conditions for the disbursement of the 2nd FT and 1st VT</i></p>																																																																																
	<p>The figures for the variable tranche which reflect the targets of the Interim Water and Sanitation Strategy do show a consistent increase across all the indicators although not all are high enough to reach the April 2011 target.</p> <table border="1" data-bbox="496 584 1433 1256"> <thead> <tr> <th>Performance Area</th> <th>Indicator definition &amp;</th> <th>Baseline* 2010</th> <th>April 2011</th> <th>Target 2011</th> <th>April 2011</th> <th>Actual 2011</th> <th>April 2011</th> <th>Amount claimed EUR</th> </tr> </thead> <tbody> <tr> <td>Access to rural water supply</td> <td>Proportion of persons in rural areas using water as defined in table 1</td> <td>904,283 63.6%</td> <td></td> <td>942,157 66.5%</td> <td></td> <td>933,789 65.9%</td> <td></td> <td>0.9 million</td> </tr> <tr> <td>Access to urban water supply</td> <td>Proportion of persons in urban areas using piped water on their premises</td> <td>266,961 56.8%</td> <td></td> <td>292,834 61%</td> <td></td> <td>281,826 58.7%</td> <td></td> <td>0</td> </tr> <tr> <td>Access to rural sanitation</td> <td>Proportion of persons in rural areas using (i) own VIP or (ii) own pit latrine</td> <td>754,991 53.1%</td> <td></td> <td>784,895 55.4%</td> <td></td> <td>769,369 54.3%</td> <td></td> <td>0.9 million</td> </tr> <tr> <td>Access to urban sanitation</td> <td>Proportion of persons in urban areas using (i) sewage system or (ii) septic tank or (iii) own VIP or (iv) own pit latrine</td> <td>365,661 77.8%</td> <td></td> <td>383,564 79.9%</td> <td></td> <td>366,026 76.2%</td> <td></td> <td>0</td> </tr> </tbody> </table> <p><i>Source: LWSSSP – 20/11/2012 - Assessment of General and Specific Conditions for the disbursement of the 2nd FT and 1st VT</i></p>	Performance Area	Indicator definition &	Baseline* 2010	April 2011	Target 2011	April 2011	Actual 2011	April 2011	Amount claimed EUR	Access to rural water supply	Proportion of persons in rural areas using water as defined in table 1	904,283 63.6%		942,157 66.5%		933,789 65.9%		0.9 million	Access to urban water supply	Proportion of persons in urban areas using piped water on their premises	266,961 56.8%		292,834 61%		281,826 58.7%		0	Access to rural sanitation	Proportion of persons in rural areas using (i) own VIP or (ii) own pit latrine	754,991 53.1%		784,895 55.4%		769,369 54.3%		0.9 million	Access to urban sanitation	Proportion of persons in urban areas using (i) sewage system or (ii) septic tank or (iii) own VIP or (iv) own pit latrine	365,661 77.8%		383,564 79.9%		366,026 76.2%		0																																			
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	Source: WHO/UNICEF Joint Monitoring Programme for Water & Sanitation (wssinfo.org) <i>Source: End of Term review of the LWSSP LSO/005-Safege-2013</i>									
<b>5.4.3</b>	<b>Water rationing and supply interruptions have become less frequent</b>									
	<p>Even after the implementation of the Three Towns Project Maputsoe is under severe water stress as the town and industry have grown faster than forecasted and because the yield of the new wells is lower than expected. A number of villages and schools that were connected to the water distribution system through the Three Towns Project virtually do not receive water; the villages get water bills from WASCO for the air that comes out of their taps. Industry and the hospital are served by WASCO on a priority basis and can just manage. Many industries have their own wells to supplement the WASCO-supply. In TY all were very much satisfied with the project results, as they now enjoy a round the clock water supply of safe quality and improved sanitation. In Roma particularly the National University expressed its gratitude to the project for assuring a satisfactory water supply and full sewerage services. The hospital still struggles at times to receive sufficient supply, but their sewerage problems have been resolved. Both Roma and TY are being connected to the bulk water supply provided by the Metolong project.</p> <p>In contrast to these positive results, in Maputsoe the Community Council expressed their extreme dissatisfaction with the outcome of the project, as despite all the wells, pumping stations and storage facilities their taps were dry most of the time and produced at best a brown liquid during the night. The hospital was not facing water problems and the visited industries had their own wells as alternative water source. The two WWTPs were not very effective in term of concentration of pollution as the effluent looks and smells not very different from the influent.</p> <p><i>Source: End of Term review of the LWSSP LSO/005-Safege-2013</i></p>									
<b>5.4.4</b>	<b>The quality of water provided is being monitored and has been improved</b>									
	<p>Although Lesotho is renowned for its mountains and high quality waters, currently there are no national standards or guidelines that are used to prescribe the water quality levels for each water use. This absence of national standards highlights the risk that the quality of water being used for different purposes may be of an unacceptable level. Standards are being defined through a WB-financed consultancy but the way to enforce them still remains to be decided. This could be an area where the EU BS could expand its influence.</p> <p><i>Source: ROM 11821.02</i></p>									
	<p>The MWWP was prepared and implemented over a long period from 2004 to 2012, and during this time period the urbanization of Maseru differed to what was originally anticipated. Hence, whereas the urban growth centres in the north-eastern part of the city were of priority in the initial project planning stage, over time the growth centres in the southern part of the city had to be given more priority simply because this was where the new industrial centre was established and new housing quarters build.</p> <p>The consequence is that the now almost completely implemented Project is much less to the immediate benefit for sewer system domestic customers, than assumed in the initial Project planning stage, and consequently also the assumed environmental improvements are most probably significantly less than those initial aimed for. In particular the poor and lower income population of Maseru will most probably benefit much less than initial planned for.</p> <p><i>Source: Mid-term review of Maseru WW project – Final report – WASCO/ Posb &amp; Partners Ltd - July 2012</i></p>									
	<p>Preparation of National Water Quality Guidelines and Standards</p> <p>The standards were developed as a requirement specified under the Environment Act 2008 Part VI, Section 28(1)(b), and Water and Sanitation Policy 2007: Policy Statement 3: Water and Environment: ‘Protect and conserve water resources and minimise the adverse impacts of socio-economic</p>									

	<p>development activities on water’</p> <p>COW coordinated the development of national water quality standards and guidelines. These guidelines are intended to be used as control measures to prevent pollution of aquatic ecosystem and water resources and ensure health safety to the public. The water quality standards and guidelines will be a regulatory tool of particular importance that will be used to monitor water quality compliance and prevent pollution to Lesotho waters.</p> <p>Arrangements were made for the preparation of the standards and in December 2012 COW appointed a consultancy firm to develop the national water quality guidelines and standards and the assignment was completed in May 2013. The legal offices for MEMWA and MTEC are <i>currently</i> working on the development of regulations intended to implement the standards.</p> <p><i>Source: JAR – LWSSBS – July 2014</i></p>
5.4.5	<b>Environmental contamination (e.g. of rivers) has been less severe.</b>
	<p>All in all, Ratjomose’s non-complying WWTP effluent quality in terms of COD and SS is the logical consequence of the existing treatment system, which has not been upgraded by MWWP to permit better effluent quality. While this outcome is thus not surprising, one should also note the benefits of the existing system, that is, good disinfection efficiency and compliant FC effluent concentrations.</p> <p>* Positive: The general shift towards low-cost sanitation systems makes sense, to better reflect the needs and financial capacities of poor population groups.</p> <p>* Negative: (1) Apparently serious under-estimation of CAPEX requirements for sewers, both in the GKW and Käser studies. (2) Every project update leads to ever more reduced sewer lengths, which eventually reduces WASCO’s income from sewer tariffs. (3) Shift towards wastewater treatment systems that are expensive to operate &amp; maintain. Not least these changes also require skilled WWTP operators, who are not yet available in Lesotho.</p> <p>In sum, the changes lead to reduced income and increased running cost. This will inevitably have a negative impact on WASCO’s finances.</p> <p>Hence, it can be foreseen even without an impact survey, that the impacts in regards of the MDG objectives will be much more restricted, than initial expected at the project planning stage, and even tending to be insignificant in case the VIP latrine sub-component is not implemented.</p> <p>The MWWP is not sustainable on its own, however as a combined part of the operations of the large WASCO company, the overall financial and organization/staff capacity of WASCO is capable to sustain the MWWP operations in the future.</p> <p><i>Source: Mid-term review of Maseru WW project Final report – WASCO/ Posb &amp; Partners Ltd - July 2012</i></p>
	<p>Maseru WW:</p> <p>-&gt; <i>Effluent, water quality and O&amp;M data are monitored and recorded on a regular basis.</i> WASCO has a water and wastewater quality monitoring system in place.</p> <p>-&gt; <i>Actions are taken in case quality does not meet standards: yes</i></p> <p>-&gt; <i>Zero raw sewage discharge into river system by end 2007: All domestic and industrial wastewater is now treated before being discharged into river system.</i></p> <p>-&gt; <i>Compare effluent analysis with national guideline values: No national guideline values are available at WASCO laboratories; effluent is tested by WASCO for COD &amp; Suspended Solids</i></p> <p>-&gt; <i>Compare the frequency of the failure of pump stations after project completion to an established benchmark situation before or at the start of project.</i> No benchmark was established; major failures of wastewater pump stations have not occurred since 2009 pumping stations were refurbished and have generators</p> <p>-&gt; <i>Effluent data are monitored and recorded on a regularly basis: BOD5, E.coli and Nitrogen are not monitored, no flow measurement is taken at Ratjomose WWTP intake, no flow meter is installed at outflow</i></p> <p>Water quantity &amp; quality monitoring has to be implemented or strongly improved by WASCO, such as the inlet and outlet flows from Waste Water</p>

	<p>Treatment Plants and analysis by the WASCO laboratory for BOD5, Nitrogen (tN, NH4), Phosphorus and biological indicators such as Total Coliforms and E.coli.</p> <p>The minimal indicators of efficiency &amp; management of treatment plants (Water &amp; Waste Water) in terms of load (kg/day) are presently missing. In addition, there is no assessment of the impact of the rainstorm on the effluent (quantity &amp; quality) and the efficiency of the WWTP.</p> <p>The lagoon-based WWTP can clearly not treat the P and N (ammonia). The monitoring in terms of degradation of C-organic is erratic. The measurement of the efficiency, at each stage of process (bacterial filters, maturation ponds, clarifiers, return flow) should be done by WASCO.</p> <p><i>Source: End of Term review of the LWSWP LSO/005-Safege-2013</i></p>
	<p>A considerable allocation has been made available in the National Budget 2014/2015 for improving catchment management and allocated to the Ministry of Forestry and Land Reclamation. The National Strategic Development Plan 2012/2013 – 2016/2017 (NSDP) has identified reversing land degradation, desertification and improved watershed management as an important strategic objective. Integrated land and water resource management programmes and investment plans have to address thereto soil erosion and desertification, protect water sources, preserve mountain ecosystems, increase capacity of rangelands, extend appropriate forest cover, and rejuvenate agricultural lands.</p> <p><i>Source: ROM 11821.02</i></p>
5.4.6	<p><b>The number of households with access to permanent sanitation facilities (latrines etc.) has increased in absolute numbers and in percentage terms</b></p>
	<p>This holds true even more so, since apparently even the baseline data (49% coverage at present) is not a reliable value in the MTR Consultant's opinion.</p> <p><i>Source: MTR Maseru WW project Final report – WASCO/ Posb &amp; Partners Ltd - July 2012</i></p>
	<p>The coverage of water supply in terms of access to water and sanitation according to Continuous Multipurpose Survey (CMS) conducted by Bureau of Statistics (BOS) in February to April 2010 was 65.9% of persons in urban areas and 64.6% of persons living in rural areas respectively using the definition of access to water</p> <p>Access to water services according to the results from the BOS CMS from April 2012 indicate that 72.1% of the population in urban areas and 63.3% of the population in rural areas have access to improved water services. These figures do not include the collection time and the amount of water available per person and the actual coverage according to the Water Sector standards of maximum 150m collection distance and minimum 30 l/person/day is likely to be substantially lower as indicated by the data from DRWS and WASCO indicating 2012 access to functioning water systems of approximately 50% in both rural and urban areas.</p> <p>Data on access to sanitation depends on the definition of the standards that are regarded as acceptable. The April 2010 CMS data do not distinguish between sanitation facilities that are shared between households and households' own facilities but the total 2010 access to sanitation is estimated as 92.8% in urban areas and 55.8% in rural areas.</p> <p>The April 2012 CMS data indicated that 38% of the urban population and 42% of the rural population were using improved sanitation facilities that were not shared with other households. Shared latrines are not regarded as adequate hygienic sanitation facilities by WHO and the Ministry of Health. If shared latrines are included as acceptable sanitation, the CMS data indicate that access is 95% in urban areas and 50% in rural areas, however if latrines without a slab are excluded the figure reduce to 78% in urban areas and 33% in rural areas.</p> <p><b>Urban Water Supply</b></p> <p>The implementation of infrastructure to improve the supply of water in Maseru peri-urban and community water supply, and the 3 towns of Maputsoe, Teyateyaneng and Roma has been completed. Substantial rehabilitation and</p>

Rural Coverage Water	Apr-12	Apr-13	Apr-14
Rural Population estimate	1,412,570	1,409,270	1,406,765
Coverage (Apr 2012 BOS CMS)	63.3%		
Additional Persons served		65,000	103,159
Systems out of service		35,766	36,936
Persons served	894,157	923,390	989,614
Estimated Coverage		65.5%	70.3%

expansion of the water systems in the other towns of Mokhotlong, Botha Bothe,

Hlotse, Maseru, Mafeteng, Quthing and Qacha's Nek has been completed with funding from the MCA-Lesotho and a new water system has been completed for Semonkong.

#### Estimate of Access to Water in Urban Areas

The reticulation networks were expanded to reach un-served population and the number of household connections have increased. This is based on the result of the April 2012 CMS data collection and the data from WASCo on the number of additional persons served with new household connections in the 2012/13 and 2013/14 financial years.

Urban Coverage Water	Apr-12	Apr-13	Apr-14
Urban Population estimate	490,137	500,051	509,808
Coverage (Apr 2012 BOS CMS)	72.1%		
Additional HH connections		6,218	7,200
Additional Persons served		31,090	36,000
Persons served	353,389	384,479	420,479
Estimated Coverage		76.9%	82.5%

Rural Water Supply Rural Water Supply project life cycle

promotes a demand driven approach, through community managed water schemes and support to on-site sanitation. The primary aim of the Department is to improve access to water and sanitation services by investing in the replacement of old non-functioning rural water supply systems and constructing additional new ones in order to cover the under-served as well as un-served population.

#### Rural Water Coverage Estimates

This is based on the result of the April 2012 CMS data collection and the data from DRWS on the number of additional persons served with new or rehabilitated water systems in the 2012/13 and 2013/14 financial years.

While new water systems are implemented, other old systems go out of service due to old age of the infrastructure. In the estimates presented here this is estimated using an average lifespan of 25 years for the existing water system infrastructure. Based on these estimates, above 70% of the rural population has access to water services; however as remarked above, this do not consider the distance to the collection point and volume of water available.

#### Sanitation Services

The major on-going investment under Maseru Waste Water Project and Masowe Project in sewerage systems in Maseru is expected to substantially increase the future connection rates and ensure environmentally safe disposal of liquid waste.

The coverage in urban areas with non-shared sanitation facilities was 38.4% in 2012

according to the CMS statistics. In addition to the few

Urban Coverage Sanitation	Apr-12	Apr-13	Apr-14
Urban Population estimate	490,137	500,051	509,808
Coverage (Apr 2012 BOS CMS)	38.4%		
Persons served	188,313	189,063	189,813
New sewer connections		150	150
Additional Persons served		750	750
Estimated Coverage		37.8%	37.2%

sewerage connections implemented by WASCo, the households in urban areas have been implementing their own on-site sanitation facilities, however in the

	<p>absence of the updated CMS data, there is no available data on this. The coverage statistics based on the April 2012 CMS data and the new sewerage connections in the 2012/13 and 2013/14 years.</p> <p>Rural Sanitation Coverage</p> <p>In terms of sanitation in rural areas, the objective is to increase the coverage with adequate sanitation facilities in the rural areas of Lesotho and to promote hygiene behavioural change and proper operation and maintenance of these facilities through sustained health and hygiene education strategies. The adopted policy is to implement rural water supply and sanitation facilities and hygiene education concurrently. The output targets for rural sanitation facilities implemented with subsidy from DRWS have been met.</p> <p><i>Source: JAR – LWSBS – July 2014</i></p>
<b>JC 5.5 The implementation of the W&amp;S strategy contributed to an increased use of W&amp;S services and impacted positively on health, living standards and income</b>	
<b>5.5.1</b>	<b>Increased water usage for agricultural production</b>
	<p>- Despite the fact that 2010 was well above average, with cereal production around 59% above that of the previous year, the LVAC assessment indicates that 200,000 people were in need of humanitarian assistance.</p> <p>- Total arable land suitable for formal irrigation is estimated at about 36 000 ha and to date the area under operational irrigation is reported as being 1 100 ha, although the details behind this total are not available. The Department of Agriculture are planning a study to inventorize existing schemes and set up a plan for future development. This will better inform future state of water resources reports. The area currently under irrigation includes area irrigated by high pressure sprinkler irrigation, low pressure gravity-fed system and drip irrigation. An area of approximately 1 537 ha was developed for large scale irrigation was developed under donor funding, but these schemes are currently dormant and in need of rehabilitation. Crops typically grown are cabbage, tomato, leafy vegetables spinach, green paper, fruit trees in orchards, carrots etc.</p> <p><i>Source: State of Water Resources 2010/2011 Prepared by the Office of the Commission of Water and WRP Consulting Engineers</i></p>
<b>5.5.2</b>	<b>Agricultural production and incomes in areas served with W&amp;S infrastructure has increased</b>
	No data
<b>5.5.3</b>	<b>Reduction in the number of people (especially women) needing to carry water to their homes</b>
	No data
<b>5.5.4</b>	<b>The incidence of water borne diseases and those related to poor sanitation (e.g. diarrhoea, intestinal infections) has been reduced</b>
	<p>Want to link the water service delivery with the improved agricultural production and improved health.</p> <p>The Health survey and the MCA should provide the required data for this. We collect the data and clean it and provide it as usable data. They then give them to the relevant ministries who will do the analysis. Then they can probe further into some areas that come to light.</p> <p>Causes of death are handled by Home affairs (not by Ministry of Health) (plus births, etc.)</p> <p><i>Source: MN89 – 26-11-2014 – Bureau of Statistics</i></p>

Development Partner's Contribution to Lesotho's Water and Sanitation Sector 2002-2012				
DP/Agency	Programme Title	EUR	Original Currency	
World Bank	WSIP1	10,359,270	14,100,000	USD
World Bank	Metolong Dam & Water Supply Program: WSIP2	18,367,500	25,000,000	USD
World Bank	<b>Total</b>	<b>28,726,770</b>		
European Union (2008-2013)	EDF 10 Water and Sanitation Sector Policy Support Programme (Sector Budget Support grant)	38,800,000		EUR
European Union (2004-2008)	EDF 9 Lesotho Water and Sanitation Sector Programme (project grant) (incl. Lowlands Bulk Water Supply Study and Design Three Towns Water Supply	37,500,000		EUR
European Union Water Facility	EDF 9 Maseru Waste Water Medium Term (grant)	10,000,000		EUR
EU EDF 9 and 10	<b>Total</b>	<b>86,300,000</b>		EUR
European Investment Bank	Maseru Waste Water Medium Term (loan)	14,300,000		EUR
European Investment Bank	Metolong Dam & Water Supply Program (loan)	140,000,000		EUR
EIB	<b>Total</b>	<b>154,300,000</b>		EUR
Irish Aid	Rural Water Supply (grant based on annual approval) 2002 - 2012	23,190,320		EUR
The Arab Bank for Economic Development in Africa BADEA	Maseru Peri-Urban Phase II	?		USD
BADEA	Metolong Dam & Water Supply Program	7,347,000	10,000,000	USD
BADEA	<b>Total</b>	<b>7,347,000</b>		USD
Kuwait Fund	Metolong Dam & Water Supply Program	10,187,600	4,000,000	Kuwait Dinar
Saudi Fund	Metolong Dam & Water Supply Program	7,349,625	37,500,000	Saudi Riyal
OPEC Fund for International Development	Metolong Dam & Water Supply Program	4,408,200	6,000,000	USD
South African Development Bank				
Millennium Challenge Corporation MCC	Metolong Dam & Water Supply Program	63,771,960	86,800,000	USD
MCC	Urban and Peri-Urban Water	30,930,870	42,100,000	USD
MCC	Rural Water Supply and Sanitation	22,187,940	30,200,000	USD
MCC	Wetlands Restoration and Conservation	3,673,500	5,000,000	USD
MCC	<b>Total</b>	<b>120,564,270</b>	<b>164,100,000</b>	USD
Total DPs grant		<b>230,054,590</b>		
Total DPs concessional loans		<b>183,592,425</b>		
Total DPs contribution		<b>413,647,015</b>		



## Economic analysis of the Lesotho Water Sector

*Source: 1st annual state of water resources report (1 April 2010-31 March 2011) Draft final report May 2012 – GoL MoNR – WRP (Lesotho Water Sector Improvement Project – Second Phase – RFP LWSIP II/06/02/2011*

Water contributes in many ways to the GDP of the Lesotho economy, the most important of which are:

- Transfer of water to South Africa;
- Hydro-electric energy production;
- Agriculture;
- Domestic and commercial use ;
- Investment in water infrastructure;
- Government Expenditure.

### 1. Transfer of Water to South Africa

Lesotho transfers water to South Africa in terms of the Treaty on « The Lesotho Highlands Water Project » between The Government of the Republic of South Africa and The Government of Lesotho”. In return for these water transfers, South Africa makes a royalty payment to Lesotho and enjoys a Southern African Customs Union rebate.

LHDA assets, recurrent expenditure and royalty payments

	2011 M'000	2012 M'000	Notes
<b>Carrying Value of Lesotho Highlands Water Projects</b>			
Hydropower Civil Works	682 375	700 224	Lower 2011 values are mainly due to accumulated depreciation
Hydropower Plant	228 435	246 149	
Water Transfer Civil Works	9 971 096	10 239 807	
Vehicles and Equipment	33 143	27 049	
<b>Total</b>	<b>10 915 049</b>	<b>11 213 229</b>	
<b>Additions made to assets</b>			
Additions to new capital works	8 056	10 498	Phase 2 procurement (Polihali Dam & associated works) has just commenced and will be reported on in next year's SoWR.
<b>Recurrent expenditure incurred</b>			
Operating costs excluding depreciation	141 676	84 898	
Depreciation	306 983	307 718	
<b>Total</b>	<b>447 659</b>	<b>392 616</b>	
<b>Royalty payments are received by the Government of Lesotho</b>			
Fixed royalty	166 803	155 522	Royalty payments are received by Government of Lesotho not LHDA. During 2011 730.303 Mm <sup>3</sup> were transferred. During 2010 783.637 Mm <sup>3</sup> were transferred
O&M royalty	15 463	15 859	
Electricity royalty	254 924	170 227	
<b>Total</b>	<b>437 191</b>	<b>341 610</b>	

### 2. Hydro-electric energy production

Electricity is generated at the Muela Hydropower complex which is part of the Lesotho Highlands Water Project. The generation of electricity through hydropower is a non-consumptive use of water and does not affect the amount of water available for delivery to South Africa. The timing of those deliveries does however affect the amount of power that can be generated. The majority of electricity generated is used within Lesotho. Electricity is also generated at the Semonkong and Mantsonyane Mini-hydro Power Plants.



## Quantity and Value of Hydro-electric Power Generated

	2011	2012	Notes
<b>Hydro-electric Power generated and exported</b>	<b>MWh</b>	<b>MWh</b>	
Muela Electricity supplied to LEC (Local)	454 132	506 612	The timing of water transfers to South Africa affect the amount of power that can be generated by LHWP at Muela
Muela Electricity Exported	5 602	1 920	
Mini-hydro generated by LEC at Semonkong and Mantsonyane	2 450		
<b>Total</b>			
<b>Value (revenue?) of Hydro-electricity generated and exported</b>	<b>M'000</b>	<b>M'000</b>	LEC owns and operates mini-hydropower plants at Semonkong and Mantsonyane. Semonkong generation is supported by a diesel generator during dry periods
Muela Electricity supplied to LEC (Local)	55 609	62 638	
Muela Electricity Exported	740	197	
Mini-hydro generated by LEC at Semonkong and Mantsonyane			
<b>Total</b>			

**3. Agricultural Use of Water**

## Summary of Irrigation Production and Value of Crops produced

2011 Situation (estimate)			
Land under Irrigation / Water Used		Economic Contribution	M'000
Land under operational irrigation	1 100 ha	Value of crops produced	1 176
Irrigation which needs to be rehabilitated	1 537 ha	Operating costs including labour, fuel/electricity and maintenance and repairs	126
Farmers involved with irrigated land	2 200	Government contribution (mainly for development of water retaining structures and procurement of irrigation equipment for new schemes)	2 000
Volume of water consumed	4 950 000 m <sup>3</sup>	Capital investment in irrigation by farmers	80
Crops irrigated include Cabbage, tomato, leafy vegetables spinach, green paper, fruit trees in orchards, carrots etc.			

**4. Domestic and commercial use****4.1. Urban water supply**

The Water and Sewage Company (WASCO) provides retail water to the urban areas (towns) of Lesotho. WASCO currently supplies approximately 93 million litres per day or 22 Mm<sup>3</sup>/annum.

## WASCO Assets, Capital and Recurrent Expenditure

	2011	2012
	M'000	M'000
<b>Net book value of assets including work in progress</b>	<b>1 125 154</b>	<b>822 615</b>
<b>Total capital expenditure</b>	<b>315 925</b>	<b>283 681</b>
<b>Recurrent Expenditure</b>		
Expenditure	96 820	89 710
Depreciation	12 291	11 681
Finance costs	3 514	2 947
<b>Total</b>	<b>112 625</b>	<b>104 338</b>

## WASCO tariff and charges

Supply of Potable Water	2011	2010
<b>Water Domestic</b>		
Standing charge	16.21	14.74
Band A : 0 TO 5 Kiloliters (M per kl)	2.65	2.41
Band B : >5 TO 10 Kilolitres (M per kl)	4.49	4.08
Band C : >10 TO 15 Kilolitres (M per kl)	7.89	7.17
<b>Standpipe customers</b>		
Standing charge	0.00	0.00
Standpipe customers (M per kl)	3.60	3.27
<b>Non Domestic Customers – Water</b>		
Standing charge	180.61	164.19
Consumption (industries, business, government) (M per kl)	7.17	6.52
All Consumption (schools, churches)	7.12	6.47
<b>Sewerage</b>		
<b>Sewerage charge for all customers</b>		
Charge on 85% of water supplied (M per kl) for water-borne sewerage	5.91	
Charge on 60% of water supplied (M per kl) for non-water-borne sewerage	5.91	
<b>Septic tanks, conservancy tanks, VIP toilets</b>		
Where no sewerage system present (per load)	300.00	
In reticulated areas (per load)	435.00	

## WASCO Water Supplied and revenue Generated

Number of Customers	2011	2010
Domestic	55 962	45 692
Non-domestic	3 004	2 852
<b>Volumes of water</b>		
<b>Total production</b>	<b>16 328 582</b>	<b>17 599 735</b>
Prepaid Water Sales	4 670	4 120
New water connection income	13 346	6 560
New sewerage connection	143	185
Interest on Debt	5 715	11 615
Miscellaneous	1 310	3 167
<b>Total</b>	<b>126 074</b>	<b>117 828</b>

## 4.2. Rural water supply

It should be noted that there is no tariff attached to the consumption of rural water supply since water is provided free of charge.

## Number of Rural water Supply Systems and DRWS Expenditure

Rural Water Supply Systems and Persons served	2011	2010
Hand pumps	2 952	2 952
Pumping systems	755	707
Gravity systems	2 972	2 799
<b>Number of people with access (estimate)</b>		
Estimate based on number of systems	1 640 000	1 558 000
<b>DRWS Expenditure (rural water supply and sanitation (M'000))</b>		
Capital expenditure on village water supply (actual)	99 155	78 796
GOL Recurrent budget	3 479	3 025

5.

Government Expenditure

	2011	2010
Maseru, WASCO, Wetland Restoration	281 500	201 700
Metolong Dam	224 800	225 000
Lesotho Water Sector Improvement	51 300	22 500
Village Water Supply	145 600	103 000
<b>Total</b>	<b>703 200</b>	<b>552 200</b>

Government's capital Investment in Water sector (M'000)

	2011	2010
Maseru, WASCO, Wetland Restoration	281 500	201 700
Metolong Dam	224 800	225 000
Lesotho Water Sector Improvement	51 300	22 500
Village Water Supply	145 600	103 000
<b>Total</b>	<b>703 200</b>	<b>552 200</b>

Government's capital investment in the water sector is reflected in the Capital Budget of the MoNR.

## 6. Consolidated Contribution of Water to the GDP of Lesotho

Indicative Contribution of Water to GDP of Lesotho

	2011	2010	2010
	M'000	M'000	M'000
	Water Sector		Lesotho in current prices
<b>Consumption</b>			<b>16 437 000</b>
Water sold in urban areas	126 074	117 828	
Electricity consumed locally	55 609	63 638	
<i>The recurrent cost of supplying rural water*</i>	3 479	3 025	
The value of irrigated crops (estimate)	1 176	1 176	
<b>Capital formation or Investment Spending</b>			<b>4 547 000</b>
Ministry of Natural Resources capital budget (allocations to the water sector through WASA and RWS)	703 200	552 200	
..LHDA	8 056	10 498	
Agriculture	2 080	2 080	
<b>Government Consumption</b>			<b>5 941 000</b>
<b>Exports</b>			<b>6 990 000</b>
Water Exports (Royalties)	437 191	341 610	
Electricity exported	740	197	
<b>Less Imports</b>			<b>(18 171 000)</b>
<b>Changes in inventories</b>			<b>-77 000</b>
<b>Discrepancy</b>			<b>287 000</b>
<b>Total indicative GDP</b>	<b>1 342 466</b>	<b>1 092 973</b>	<b>16 956 000</b>

## Mo Natural Resources / Mo Energy, Meteorology and Water affairs - Capital Budget

## Project title &amp; Approved budget

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
<b>GOVERNMENT OF LESOTHO</b>						
Maseru Peri-Urban Water Supply phaselI	4,000,000	6,000,000	6,000,000	5,000,000		
Lesotho Water Sector Improvement Project	2,400,000	2,500,000	13,000,000	5,000,000		
Village Water Supply	30,000,000	60,000,000	55,600,000	20,000,000	20,000,000	27,000,000
Metolong Dam Project	135,000,000	27,000,000	27,000,000	25,000,000	25,000,000	75,000,000
Wetlands Restoration & Rehabilitation		1,000,000	1,000,000	1,200,000	1,200,000	800,000
Maseru Waste Water	1,900,000	9,500,000	2,500,000	20,000,000	20,000,000	7,000,000
Rural Water Supply and Sanitation		0	0	80,000,000	50,000,000	60,000,000
'Sikoane Water Supply and Sanitation Scheme		0	0	20,000,000	20,000,000	20,000,000
Five Towns Water and Sanitation					23000000	7,000,000
Urban and Peri-Urban Water Supply Project					29,929,576	19,000,000
Rural Electrification				10,000,000		
<b>TOTAL GOV</b>	<b>173,300,000</b>	<b>106,000,000</b>	<b>105,100,000</b>	<b>186,200,000</b>	<b>189,129,576</b>	<b>215,800,000</b>
<b>GRANTS</b>						
Six Towns Water Supply & Sanitation (EDF)	20,000,000	80,000,000		91,480,000		
Maseru Waste Water (EDF)	3,000,000	40,000,000		39,298,907	20,000,000	26,800,000
Maseru Waste Water immediate measures (EDF)		1,500,000				
Metolong Dam Project (MCC)	50,000,000	89,000,000		52,122,390	169,890,856	64,539,000
Metolong Dam Project (RSA)		25,000,000		46,922,812	25,000,000	10,000,000
TA to Wasco (EDF)	3,000,000	2,700,000		0		
Urban & Peri-Urban Water Network (MCC)		9,000,000			176,992,616	71,995,600
Rural Water Supply & Sanitation (MCC)		25,000,000				
Wetlands Restoration & Rehabilitation (MCC)		5000000		8441966	12228385	1,616,700
Village Water Supply (Irish Aid)		18000000				
Lesotho Water Sector Improvement Project (IDA)				8,000,000	41,159,865	23,000,000
Water Sector Budget Support (EDF)				74,575,000	74,575,000	125,000,000
<b>TOTAL GRANTS</b>	<b>76,000,000</b>	<b>116,700,000</b>	<b>0</b>	<b>320,841,075</b>	<b>519,846,722</b>	<b>322,951,300</b>
<b>LOANS</b>						
Maseru Peri-urban Water supply (phase ii) (BADEA)	20,000,000	19,000,000				
Maseru Peri-urban Water supply (phase ii) (OPEC)	19,600,000	11,000,000				
Lesotho Water Sector Improvement(phaseI) (IDA)	26,000,000	20,000,000				
Maseru Waste Water (EIB)	11,000,000	17,000,000		92,012,144	26,207,222	24,000,000
Metolong Dam Project (Kuwait Fund)	9,500,000	20,000,000		34,835,088	83,040,000	105,000,000
Metolong Dam Project (Saudi Fund)	7,000,000	13,000,000		13,000,000	93,840,000	105,000,000
Metolong Dam Project (OPEC)	4,200,000	4,000,000		14,000,000	56,240,000	42,000,000
Metolong Dam Project (BADEA)	7,000,000	18,000,000		33,246,746	58,320,000	63,000,000
Metolong Dam Project (IDA)	0	29000000		43099160	129158800	90,000,000
Metolong Dam (EIB)				36,977,610	523,488,000	279,500,000
Lesotho Electricity Supply Project (ADB)				200,000,000		
Five Towns Water Supply and Sanitation (BADEA)				0	43,000,000	45,150,000
Five Towns Water Supply and Sanitation (Saudi Fund)					0	21,000,000
Five Towns Water Supply and Sanitation (OPEC)					0	20,000,000
<b>TOTAL LOANS</b>	<b>104,300,000</b>	<b>151,000,000</b>	<b>0</b>	<b>467,170,748</b>	<b>1,013,294,022</b>	<b>794,650,000</b>
<b>GRAND TOTAL</b>	<b>353,600,000</b>	<b>373,700,000</b>	<b>105,100,000</b>	<b>974,211,823</b>	<b>1,722,270,320</b>	<b>1,333,401,300</b>



**EQ6 on Budget support****To what extent has budget support contributed to improved public policies and spending?****Level**

The question concerns the effectiveness of BS, comprised of its three components, funding, policy dialogue and technical advice/capacity strengthening, in improving public policy making and implementation, with a specific focus on public finance management. By assessing the direct effects of EU BS on improved policy making and monitoring capacities, improved budgetary procedures (in particular allocative efficiency) and accountability, the contribution of BS to the long term sustainability of public action is also assessed. The EQ also covers the coordination aspects of the provision of BS in Lesotho, which is rather particular since so few donors are present and active in Lesotho, especially in the provision of BS. The EQ thus covers the criterion of effectiveness, and indirectly it covers the criteria of sustainability.

The EQ is complementary to EQ4 (on Social protection), EQ5 (on the water and sanitation sector) and to EQ9 (on aid modalities).

**Justification and scope of the EQ**

During the period, the EU provided budget support (BS) in the form of general budget support (GBS) and sector budget support (SBS) to the water sector. BS was initially used under the 9<sup>th</sup> EDF but was stopped in 2004 because conditions, in particular related to PFM and the ability of the Government to provide a credible performance assessment framework (PAF), were assessed as unsatisfactory. Nevertheless, due to the general move towards BS emanating from EU headquarters at policy level, BS was proposed to be used again for the 10<sup>th</sup> EDF. In 2006, a Public Financial Management Performance Review was undertaken by the World Bank and was followed by a joint donor mission (EU, World Bank, Irish Aid, GTZ and DFID) which sought to agree with the Government a roadmap towards BS in the period to 2008 so that a joint BS programme could be established (which, for the EU, would fall under the 10<sup>th</sup> EDF programming). The progress was slow but eventually BS was resumed by the EU with a first disbursement in 2010 (under PRBS1). It was later followed by the granting of a second BS (PRBS2). In parallel, the support to the water sector was delivered in the form of a SBS. In order to increase sustainability of the support to social protection and in line with the Communication on Social Protection in EU development cooperation of 2012, the support programmed for social protection was also, after an initial period of project implementation, partly transformed into a BS operation.

The terms of reference require the budget support operations PRBS1 and PRBS 2 to be analysed following Step 1 of the OECD/DAC Methodological approach to Budget support. Since the evaluation concerns only EU funding, the methodology will be adapted; it will assess only EU inputs, direct outputs and induced outputs, excluding however the analysis of public service delivery which is treated partially under EQ4 and EQ5 with regards to the social sectors and the water and sewerage sector. EQ6 will thus focus the analysis on the extent to which changes in public policies, public institutions and budgeting can be attributed to EU budget support; the extent to which these have in turn contributed to changes in the delivery and use of public services, outcomes and impacts will not be investigated.

Step 1 of the methodology covers the first three levels of the evaluation framework as follows:

- (i) GBS/SBS inputs by donors defined as including funds, policy dialogue, conditionality, and technical assistance/capacity building (TA/CB); in the current case, only the EU funded programmes will be considered.
- (ii) direct outputs which relate to the improvements expected in the relationship between external assistance and the national budget and policy processes, including improved alignment to government policies and systems and harmonisation between donors. The extent to which this second level of investigation can be pursued when only EU funds are considered is limited. These direct outputs are typically the effect of BS from all donors as a whole: it will be impossible to disentangle the EU's contribution to these direct outputs. Nevertheless, the line of investigation will be pursued but recognising that the effects measured are those of BS from all donors to Lesotho. And,
- (iii) induced outputs which consist of the positive changes expected in the financing and institutional framework for public spending and public policy, and consequent improvements in public policy management (and in service delivery, excluded from the current analysis as justified above). At this level, and in contrast to the level of direct outputs, it is easier to attribute changes identified to specific budget support operations as changes are linked to specific budget support disbursement conditions and the associated policy and technical dialogue on performance indicators as well as to specific capacity

strengthening initiatives.

Step 1 thus excludes the appreciation of outcomes (level 4) and impacts (level 5) which are, concerning the social protection and the water and sanitation sector, covered to some extent in EQ4 and EQ5 which deal with the overall outcome of EU support in these sectors.

The JC are organised according to these three levels of the evaluation framework: level 1 (JC 6.1), level 2 (JC 6.2), and level 3 which looks at the effects of budget support on the improvement of public policy and institutions in general (JC 6.3) and specifically as they relate to public finance management (JC 6.4), and, finally, the effects of budget support on public expenditure (JC 6.5).

Preliminary Judgment criteria and indicators

Judgement criteria (JC)	Indicators (I)
<b>CJ 6.1 The EU's GBS and SBS programmes offered an appropriate mix of funds, policy dialogue and technical assistance</b>	
<b>Water</b>	<p>“The EU Water SBS has not been provided (hence not utilised) specifically. In fact SBS funds have not been made available (!) and means to reach the targets under the SBS indicators were covered with the help of MCA funded programme (!), including a TA based at COW office. EU SBS made not much difference in the activities and they were quite happy to be funded by the MCA to achieve the conditions for the release of the various SBS tranches. MCA performed under a project approach that they consider in this case as more appropriate. No additional funds to the annual budget ceiling were provided by the MoF. They agree for a BS approach from the EU but then it should be a general budget support with few indicators for few different sectors.”</p> <p>SBS is easier but WASCO did not receive the expected support: WASCO planned for it and never received it. WASCO was a part of everything but never received anything, so never reached their targets. There was an agreement with MoF with a financial plan per year on what had to be done with the money and the output indicators and the objectives.</p> <p>On urban water supply, WASCO was promised that when they perform well then they will be provided with the funding to do the planned works such as reticulation extensions. WASCO never received the money for 2-3 consecutive years, no additional resources received such that they couldn't implement the works planning in full because of this.”</p> <p>“For EU (and IDA) the contracting authority is the CoW (main financial partners are EU, EIB, WB, BADEA, Saudi, OPEC, AfDB, MCC. When loans are involved then WASCO has to pay the related interests.”</p> <p>“In future BS should be given straight to WASCO or at least funds should follow the national procedures. The 9th EDF projects were relevant but time and money has been lost due to long delays in procedures (EU path) or unavailable funds when implementation stage started.”</p> <p><i>Source: MN 302, MN 303, MN305</i></p>
<b>I 6.1.1 Evidence of analysis of conditions for the use of BS undertaken (three eligibility criteria for GBS and SBS and 7 points assessment for SBS)</b>	
PRBS1	<p>The 2004 country strategy evaluation notes the weakness of the overall PFM status citing a 2002 PFM study by PWC. Other indicators of poor PFM cited include: ‘poor functioning of the central payments system and control over line ministry accounts; inadequate public procurement procedures and the Central Tender Board; lack of independence of the Auditor General's office; incomplete Medium Term Expenditure Framework (MTEF) and limited capacity to implement it.’ (page 30). It also notes that no progress has been made since the 2002 PWC study and the evaluation (2004) and that BS should be stopped and not undertaken for the 9th EDF. The evaluation recommends also continued efforts in TA to reform the civil service (support to the PSIRP), to good governance, PFM and formulating, developing and implementing macro-economic planning and statistics.</p> <p>Source: 2004 Country strategy evaluation, Final report, volume I.</p>
PRBS1	<p>From interviews, it is clear that GBS was driven by a decision at the highest levels in Brussels and that the team then had to deal with the decision. Doing BS in Lesotho was problematic because it had been stopped in 2004 and now conditions were not right to start it again. One</p>

	<p>of the problems was that the Govt didn't keep any public accounts from 2002 onwards (as a result of the turmoil when Maseru was destroyed?) and there were no public accounts between 1996/97 and 2000/01. The newly elected Govt was asked to clean up the situation but then it was realised that the records weren't recoverable and they had to find a legal and financial way to deal with the situation. Eventually a law was passed to give a clean sheet to the govt. It took the GoL 2 years to figure this out and how to do it, hence the delay in starting the BS.</p> <p>Sources: MN50, MN45</p>
PRBS1	<p>The WB undertook a PEFA in May 2006 which served also as a basis for evaluating PFM by all DPs. The summarised assessment is: 'PFM system has major deficiencies in budget execution, internal controls and fiscal reporting. Reliable information to monitor budget execution is not available. There is a general failure to observe financial rules and regulations, leading both to over expenditures on individual budget items, some unauthorized expenditures and unreliable financial reporting. (...)The major weaknesses are in oversight of aggregate fiscal risk from other public sector entities, effectiveness of internal control and internal audit, accounting, recording and reporting (Indicators 9, 20, 21, 22, 24, and 25). Lesotho needs improvement in budget classification, recording and management of cash balances, debt and guarantees, follow-up of audit findings, legislative oversight, and donor's practices. (Indicators PI 5, 17, 26, 27, 28, and D - 3).'</p> <p>Several joint missions were undertaken by the European Commission, GTZ, Irish Aid, UK–DFID and the World Bank to assess the prospects for future budget support Lesotho's Poverty Reduction Strategy (PRS). They were kick-started in May 2006 in a context of the approval of the WB's CAS which includes BS from 2008 as one of the financial instruments, and of the European Commissioner for Development, Mr Louis Michel's, assertion that BS will be considered for the 10th EDF programme. 'Discussions focused on the macroeconomic framework and the fiscal outlook; the implementation of the PRS; the ongoing elaboration of a results-based monitoring framework for the PRS; and the evolving public financial management reform programme. The mission also explored issues in the wider public sector reform area, including in particular the recent decentralisation initiative and the civil service reform programme.' On the basis of findings and objectives, a roadmap (May 2006 – Dec 2008) was developed which would bring Lesotho, in 2008, to the point where BS could be delivered. The roadmap was to be revised to take into account DPs concerns about sequencing the different steps of PFM reform, in particular w/r IFMIS (also supported by the EC). The main issue was to have a PRS and a PAF to monitor its progress.</p> <p>Source: BS A-M May 2006, Lesotho Public Financial management Performance Review WB may 2006.</p>
PRBS-I	<p>There is no evidence in the FA and only very little evidence in the PIF that conditions for BS have been assessed in depth. A GoL roadmap is referred to (without explanation but from other evidence it is surmised that this is the roadmap to get GoL 'ready' for BS after a long break) but there is no formal assessment evidenced in the material that is available.</p> <p>In the PIF there are short paragraphs on the national policy and strategy, the macroeconomic situation and the PFM.</p> <p>National policy: the GoL committed to a I-PRSP by May 2008, then a NDP. The new PRGS should be integrated into the new PRGS (so that GoL spending better reflects poverty reduction and growth needs). Need for a document to clarify the overall medium-term strategic framework. The PIF states: 'While the existing policy framework is just sufficient to justify eligibility, there should be more efforts by the GoL to up-date its poverty reduction and growth strategy. Commitments in that regard have been made, but assessment must await the delivery of the proposed interim document in May.</p> <p>Macroeconomic performance is judged to be good (inflation and external debt controlled, budget surplus) with points of concern regarding the need to reorient public expenditure from recurrent to investment outlays, speed up capital project execution and diversify public revenues (also in the light of possible decreasing SACU revenues).</p>

	<p>On PFM: the GoL is implementing a reform that responds to PEFA identified challenges, with support from DFID and the EU. The system remains weak in the areas of accounting and fiscal reporting. Key components of the reform programme include: the progressive introduction of MTEF; the introduction of IFMIS (funded under the 9th EDF NIP); the revision of legislation covering PFM and active efforts to improve the internal and external auditing of public accounts.</p> <p>Source: PRBS-I PIF</p>
General	<p>Over the period, PFM has not progressed and macro-economic policy management deteriorated in 2013/14 (fiscal slippages), prompting the WB to discontinue BS.</p> <p>Source: IMF, 2014.</p>
<b>I 6.1.2</b>	<b>Link between amounts of GBS-SBS funding and macro-sector financing needs</b>
PRBS 1 and 2	<p>Under the 10th EDF, just over half of the NIP has been allocated to GBS to the Poverty Reduction Budget Support as follows:</p> <ul style="list-style-type: none"> <li>- NIP: PRBS Phase 1: M€26 + Phase II M€42;</li> <li>- V-Flex: M€21 (Phase I)</li> <li>- Mid Term Review: M€17 reallocated from the focal area Human Development</li> <li>- M€ 1.64 reallocated from Stabex (Phase II)</li> </ul> <p>In both programmes, the projected macro-fiscal situation rather than the actual one seems to have played a big role: projections for SACU revenues have systematically been pessimistic (both before and after the 2008/10 crisis), everyone somehow expecting that Lesotho's SACU revenues will be reduced over time.</p>
PRBS1	<p>In the May 2006 AM, the good macro-eco performance of Lesotho is noted. Most of the discussion concerns the possible reduction of SACU revenues and the impact this would have. This potential threat (not otherwise explained) also appears to justify the need for BS: and 'Provided there was clear monitorable progress in the overall PRS results, the mission considers that budget support would be appropriate even in the event of continued fiscal surpluses and net debt repayment. In particular, given the projected structural decline in SACU receipts, budget support in advance of this could help enhance debt sustainability and reduce Lesotho's the vulnerability to external shocks in a post SACU environment.'</p> <p>In fact donors noted that capital expenditure is systematically underspend, showing a clear problem with the absorption capacity in the sectors (health agriculture in particular).</p> <p><i>Source: A-M, May 2006.</i></p>
PRBS1	<p>The dire budgetary situation and the need to disburse a much delayed BS were set out in a letter from the MPF to the EU in 22/10/2009 and appended to the request for a change of pre-condition (w/r to submission to rather than approval by Parliament of the State of Affairs). In this letter the MOF blames the budget situation on:</p> <ul style="list-style-type: none"> <li>- a reassessment of the situation based on 'the financial irregularities unearthed by the implementation of IFMIS' and</li> <li>- macro-eco developments due to the global economic and financial crisis including: <ul style="list-style-type: none"> <li>▪ the collapse of USA textile demand (reducing textile employment by 12%)</li> <li>▪ decline in mining employment and thus of rural incomes</li> <li>▪ decline in price of diamonds: diamond exports declined by 65.6% and merchandise exports by 52% in the last quarter of 2008</li> <li>▪ expected decline in customs revenue.</li> </ul> </li> </ul> <p>The Addendum II to PRBS1 allowed an increase of M€21 through the 2010 VFlex instrument.</p> <p>The VFlex came at a very appropriate time and helped to keep the country afloat. The 2008/09 crisis hit Lesotho at the same time as a sharp drop in SACU revenues and the BS cushioned the impact.</p> <p><i>Source: M45, Addendum 1 to PRBS1 (30/03/2010) with letter MOF of 22/10/2010. Addendum II (2/12/2010)</i></p>



PRBS1	<p>The 2009 GBS Joint Review is concluded positively with WB disbursement of US\$15m expected plus a request for an additional US\$10 m from IDA's Crisis Response Window. For the EU, there is the need to change the precondition (approval by – submission to Parliament of State of Affairs) which, when solved, should free up 3 payments (FT1 M€6 based on 2008 review and FT2 M€6 and M€2.7 on basis of 2009 review). The AfDB will disburse US\$9.36 m.</p> <p>The 2010 GBS review confirms a WB expected disbursement of US\$15m and for the EU the FT3 M€6 and VT2 of max M€4,5 as soon as documentation is submitted for disbursement beginning of 2011/12. Nothing from AfDB because of the start of a new cycle. Similarly EU BS is at the end and GoL request 2<sup>nd</sup> BS Programme and conversion of M€17 of OVC to BS for cash payment programme plus new TA M€2 for capacity building for coordination, monitoring oversight and consultation regarding the implementation of the NDP and budget. The next PAF was prepared for 2011/2014.</p> <p>The GoL requested payment of the FT3 and VT2 for M€6 plus M€2.484 in June 2011.</p> <p><i>Source: GBS Joint Review November 12 to 17, 2009 Aide-Memoire and AM JAR 2010. GoL request for payment, 11/06/2011</i></p>																											
PRBS2	<p>The 2010 and then the 2011-12 JAR note some lessening of interest/mobilisation of officials in the exercise:</p> <p>‘The mission also expressed concern that not all high level government officials participated in the round tables of the review and as a result the envisaged detailed policy dialogue could not take place. During the sector discussions DPs in particular noted the absence of the Principal Secretaries of health, social welfare and education. The participation of Bureau of Statistics in round tables on education, social protection, industrial infrastructure and capacity building was also expected in accordance with their reinforced mandate on officially confirming statistical reliability’ (JAR 2010), whereas in 2010 some Members of Parliament as well as non government organizations and other DP were represented.</p> <p>In the 2011/2012 review the DPs noted ‘Another concern is the limited participation of senior level government officials from line ministries, Bureau of Statistics, etc. that limits policy dialogue.. The interest of the Members of Parliament appeared to be lost as well as opposed to last year when they participated in the Review. There was general agreement that increased policy dialogue at sector level is essential to improve budget support as a mechanism of aid disbursement and to foster greater mutual accountability. (...) Line Ministries still do not seem to be committed to and involved in the process.’</p> <p><i>Source: 2010 JAR and 2011/12 JAR.</i></p>																											
	<p>The Government budget operations were largely in surplus until 2009/10:</p> <table border="1" data-bbox="368 1435 1238 1514"> <thead> <tr> <th>in percent of GDP</th> <th>2005/06</th> <th>2006/07</th> <th>2007/08</th> <th>2008/09</th> <th>2009/10</th> <th>2010/11</th> <th>2011/12</th> <th>2012/13</th> </tr> </thead> <tbody> <tr> <td>Surplus/déficit before grants</td> <td>1.9</td> <td>11.5</td> <td>6.6</td> <td>3.1</td> <td>-5.17</td> <td>-16.8</td> <td>-17.1</td> <td></td> </tr> <tr> <td>Surplus/déficit after grants</td> <td>2.8</td> <td>12.4</td> <td>8.7</td> <td>4.5</td> <td>-0.1</td> <td>-8.5</td> <td>-8.3</td> <td></td> </tr> </tbody> </table> <p>Sources: Central Bank of Lesotho Annual Report 2008, 2013</p>	in percent of GDP	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Surplus/déficit before grants	1.9	11.5	6.6	3.1	-5.17	-16.8	-17.1		Surplus/déficit after grants	2.8	12.4	8.7	4.5	-0.1	-8.5	-8.3	
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	<p>In terms of fiscal surplus the department of economic policy is responsible for managing this. Treasury tensions are not a problem in Lesotho. The GoL however issues bonds to mop up the excess liquidities and periodically to finance the deficit (quarterly). The BS would thus have added to this excess liquidity and, except occasionally (2009/10) it would have relieved treasury tensions.</p> <p><i>Source: MN48</i></p>																											
<b>I 6.1.3</b>	<b>Existence and strengthening of macro and sector dialogue and effect of temporary rupture of BS on dialogue quality</b>																											
PRBS1	<p>Results: BS managed to bring the dialogue to a different level, even in water. Water: there were no problems in the procurement but rather in the coordination and policy so that is where we started and then see if SBS could be a good approach. Had SWAP discussions with the different water institutions around the same table and booked progress in getting GOL to share information with other public institutions and other ministries.</p> <p>There was a lot of progress on the policy dialogue with all line ministries around the table and</p>																											

	<p>getting them to discuss (also with the Audit Office and Parliamentarians). The largest effect of the BS was through the requirement to report to the head of government and to Parliament: effect on reporting, accountability, responsibility: why did you not achieve this, what are the justifications? A lot of incentives to move forward: convincing the different people in different silos that talking to each other could be beneficial without being threatening.</p> <p>In the water sector, these benefits of coordination were not seen and there were a lot of power plays between the heads of different institutions and the PS. The preparation of the SBS was difficult with 2 rejections in Brussels (absence of sector strategy then finally approved with a 2 year interim strategy approved by co-ministers). The MoW had a different access to the MOF and also had to report for the SBS and the GBS so it had implications but difficult to say whether the MoW gained anything in terms of budget allocations.</p> <p><i>Source: MN45, MN02,</i></p>
PRBS1	As from May 2006, joint DP missions (AfDB, EC, GTZ, Irish Aid, DFID and WB) were undertaken first to prepare the programme, then to monitor its implementation through Joint Annual Progress Reviews (JAR). The JARs are based on reports and documents produced by the GoL to indicate the status of progress on the PAF Indicators. In 2008 and 2009, the DPs underline the lack of understanding of some line ministries of the BS concept and principles (it however puts the responsibility for this at the GoL)
PRBS1	The 2009 GBS Joint review notes that the macroeconomic dialogue has not yet been sufficiently comprehensive: concerns about the MT fiscal sustainability remain but DPs need to have more open discussions about the macroeco framework on a regular basis. The MoF committed to invite DPs to a discussion of the evaluation of last FY's Budget and the Fiscal Framework for the coming FY.
	<p>Change of W&amp;S JAR: before the GOL used to prepare all the documentation and together with the donors, a joint assessment would be made about the reaching or not of the target values of indicators. This didn't seem appropriate so since 2014, the EU has decided that the GoL should provide the elements, the donors assess and the GoL can respond to that.</p> <p>On the dialogue there is a problem that the infrequency of the political dialogue doesn't allow for the cooperation dialogue to reach a sufficiently high level.</p> <p><i>Source: MN44</i></p>
<b>I 6.1.4</b>	<b>Provision of TA to facilitate design, implementation and monitoring of supported reforms</b>
PRBS-I	Under PRBSI, it is mentioned that assistance to the PFM reform programme will be pursued through technical assistance provided by some pooled funds from the EC (the 1 M€ of complementary support of this budget support), DFID and IrishAid.
	<p>Big part of TA under BS: to address issues on reporting (IFMIS no reporting for 2-3 years). No data on executed budgets.</p> <p><i>Source: MN50</i></p>
PRBS2	<p>An initial envelope of M€3.44 was set aside under PRBS2 for complementary Support for PFM reform and Management, Monitoring and Oversight of External Assistance (max. EUR 3,446,952) as follows:</p> <ul style="list-style-type: none"> <li>• training for PFM and capacity building involving relevant actors, including Ministry of Finance and Development Planning, the Office of the Auditor General, the Parliamentarian Public Accounts Committee and Economic Cluster Committee and the School of Accountants;</li> <li>• capacity building and expertise to the Department of Development Planning (MoFDP) on external assistance coordination and NSDP monitoring.</li> </ul> <p>However, an additional M€2.5 was decided on AAP 2011 by Decision 20/11/2013: complementary activities supporting the implementation of the new PFM Reform Action Plan 2012-2017/18. The plan was finalised in March 2013, and addresses some of the institutional</p>

	<p>weaknesses of the Public Finance Management (PFM) Reform Action Plan 2010-2012. The complementary support will concern the Components of the Reform Action Plan aiming to achieve the following results: 1) Modern PFM Regulatory Framework; 2) Transparency and effectiveness of policy orientation of the budget assured; 3) Governance and institutional management of PFM reforms improved to facilitate ownership, monitoring and evaluation of progress. In addition, support will also be provided to the strengthening of National Statistics and to Aid Coordination and to the National Authorizing Officer (NAO) Office. Another change was made following an addendum to the FA, now allocating M€13.446952 to this package of complementary support over 3 years (see Project fiche).</p> <p><i>Source: Action Fiche, FA, AAP 2011, Commission decision of 20/11/2013, Addendum to the FA (signed November 2013) and Project Fiche</i></p>
	<p>There has been a lot of TA associated with the GBS and SBS in water. However, these TA have, in PFM at least, taken a substitutive role to GoL staff. In water, the TA was for the projects, not the SBS and has not been sustained. The civil service pay is linked to the cost of living, not the performance so there is no incentive to improve. There is very poor effectiveness of public service and public spending and this is reflected in the results of the BS.</p> <p>MN44, MN80, MN22.</p>
<b>CJ 6.2 The relationship between external assistance and the national budget and policy process has improved</b>	
General PRBS and water	<p>For BS to have positive effects on questions such as predictability of funding and disbursements, reduced transaction costs, greater harmonisation, improved policy dialogue, better coordination, there needs to be a good understanding by the GoL of BS, clarity in the mutual commitments and transparency concerning the rules (notably the assessments of variable tranches and the grounds for disbursement). It has been noted in Lesotho that this was not the case. As late as 2012, the PFM mission realised by ADE on PFM reform notes 'It was clear from recent JAR exercises and the Budget Support funding foregone by GoL that there was a gap in understanding of Budget Support, the PAF and the Budget Support Guidelines. The Assignment therefore also required the development and delivery of a 5 day training course on budget support and the revised EU Budget Support Guidelines.' The same finding could have been made in the water sector where again the concept of SB and what it entails for the ministry remained totally unclear (and is still in 2014 far from being clear).</p> <p>"The EU Water SBS has not been provided (hence not utilised) specifically. In fact SBS funds have not been made available (!) and means to reach the targets under the SBS indicators were covered with the help of MCA funded programme (!), including a TA based at COW office. EU SBS made not much difference in the activities and they were quite happy to be funded by the MCA to achieve the conditions for the release of the various SBS tranches. MCA performed under a project approach that they consider in this case as more appropriate. No additional funds to the annual budget ceiling were provided by the MoF. They agree for a BS approach from the EU but then it should be a general budget support with few indicators for few different sectors."</p> <p><i>MN305</i></p>
<b>I 6.2.1</b>	<b>The size and share of external assistance made available through the budget increased - this indicator will include EU and non EU BS funding</b>
	No data available, even within the Ministry of Finance.
<b>I 6.2.2</b>	<b>Evidence that EU BS disbursements were predictable, timely and coordinated with GoE and other donors.</b>
General	<p>During the period, there have been 3 BS operations, PRBS 1 and 2 (both GBS) and SBS WSSP. The three operations were all subject to revisions laid down in addenda which changed the amounts of the BS as well as their distribution over time, as follows:</p>

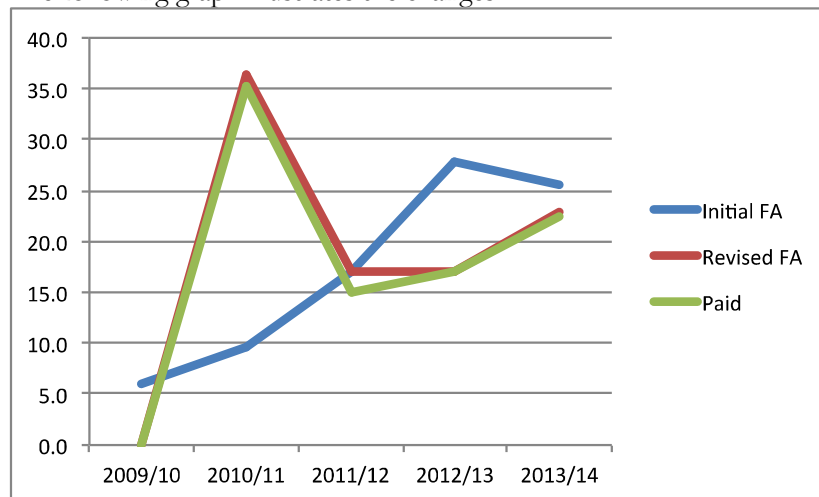
	FY2009/10			FY2010/11			FY2011/12			FY2012/13			FY2013/14			FY2014/15		
	FA	Revised	Paid	FA	Revised	Paid	FA	Revised	Paid	FA	Revised	Paid	FA	Revised	Paid	FA	Revised	Paid
PRBS1 FT	6.0			6.0	12.0	12.0	6.0	6.0	6.0									
PRBS1 VT	-			3.5	3.5	2.2	4.5	4.5	2.5									
PRBS1 Flex					21.0	21.0												
PRBS2 FT										8.8	8.8	8.8	8.0	8.0	8.0	8.0	8.0	
PRBS2 VT										6.6	1.8	1.8	5.0	2.5	2.5	5.6	5.6	
Water FT							6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5			3.0
Water VT										6.0	6.0		6.0	6.0	5.4			3.5
<b>Total BS</b>	6.0	-	-	9.5	36.5	<b>35.2</b>	17.0	17.0	<b>15.0</b>	27.9	23.1	<b>17.1</b>	25.5	23.0	<b>22.4</b>	13.6	20.1	-

Sources: ADE from CRIS data

In summary, the overall changes in amounts from EU BS (GBS and SBS) for the Treasury thus look as follows:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
Initial FA	6.0	9.5	17.0	27.9	25.5	13.6	0.0	99.5
Revised FA	0.0	36.5	17.0	17.1	23.0	20.1	5.0	118.7
Paid	0.0	35.2	15.0	17.1	22.4			89.7

The following graph illustrates the changes:



Sources: ADE from CRIS data

In summary, EU BS has not been predictable:

- in the beginning of the period the EU could not disburse because the precondition regarding GOL accounts had not been met, then, fuelled by the economic crisis in 2010/11, it provided a M€21 flex tranche as well as liberating the two fixed tranches and the variable tranche for 2010/11;
- this was followed in 2012/13 by a drastic reduction of the variable part of the GBS from M€17.2 to M€9.9 (bringing the variable part of the BS operation down from 41% to 29%) and an overall decrease of the allocation to GBS (from an initial M€42 to M€34.7). The overall decrease was linked to the shifting of resources towards the CB component of the BS;
- whilst the allocation to SBS increased both in its variable part (from 38% to 41%) and in absolute terms (from a total of M€31.5 to M€38). The latter was to absorb the initial allocation made to transport which was redistributed to water instead.

Over the period then there are some contradictory trends: the unpredictability hits the medium-term planning most (with amounts initially planned changing) but the amounts actually disbursed are very close to the amounts to be disbursed. Amounts allocated to BS were 19% higher than initially foreseen in the FA (before riders), disbursements realised (over the period 2009/10-2013/14) were 4% less than amounts allocated after riders.

PRBS1

The initially formulated pre-conditions to FT1 disbursement had to be changed by Addendum of 30/03/2010 because there were too many delays in getting the required approval:

	<ul style="list-style-type: none"> <li>○ Adoption by the Parliament of the Statement of Affairs producing the GOL balances on 31/03/2008 – this was changed by Addendum I (30/03/2010) to <u>Submission to Parliament</u> of the Statement of Affairs</li> <li>○ Adoption by the GOL of the Interim PRGS</li> </ul> <p>As stated by the GOL's letter to ask for the change: 'In setting the pre-condition as approval by Parliament, we underestimated the length of time that may be required to go through Parliamentary procedures. We also overlooked the fact that Parliament is a Master of its own procedures, business and time.'</p> <p>Source: Addendum 1 to PRBS, 30/03/2010.</p>
WSSBS	<p>The disbursement calendar is considered adequate. It is aligned with the partner country budget cycle and the precarious medium-term projections. Disbursements are made at the beginning of FY. Fiscal year runs from April to March. Assessment is expected up to October of year N. Disbursements are expected at the beginning of fiscal year N+1.</p> <p>Fixed tranche amounts to 62% of total BS, this can potentially ensure predictability of funds and give expectations for disbursement of an important amount (19.5M€). Variable tranche is 38% of BS (up to 12 M€). How these amounts are budgeted by GOL and how BS is operated at the sector level could be improved.</p> <p>GOL MTEF is not developed enough. Although MEMWA Budget Framework Paper provides some projections, these are not yet linked to sector planning or MTEF and cannot be considered a real MTEF. Nevertheless, the distribution of BS allocation throughout the duration of the Program and the balance between Fixed and Variable tranche seem appropriate.</p> <p>The number of indicators (4) is reasonable, although No. 4 has very little weight, even after proposed Rider 1. However, baseline and monitoring mechanisms have proven insufficient. Baseline is contradictory with State of Water Resource Report and although indicators are relevant, adequate sources of verification are not available.</p> <p>Source: ROM 05/12/12 Field phase report LS2010/021-644</p>
WSSBS	<p>The first fixed tranche of 6,5 M€ was disbursed in July 2011. Eligibility conditions for this tranche were mainly those already assessed at the time of FA approval. Since then, no other disbursement have taken place, although the second fixed and first variable tranches were due in the second quarter of 2012. GOL request was delayed due to lack of data and is currently being processed. GOL claimed only 30% of the first VT and has recognized that it lacks the data to report on indicators as foreseen in the FA. Alternative data (sector info instead of BoS CMS) have been provided to prove partial achievement of 2 of the 4 indicators. It involved a non-disbursement of 70% of VT (4.2 M€) with a possible considerable impact on the financing of the sector.</p> <p>Moreover, although the EU Delegation has strongly insisted that BS resources were intended to be additional to ordinary government budget resources, clear figures are not produced by the government to prove it. On the contrary, an apparently perverse effect is that the Irish Cooperation decided to withdraw their financing from the sector, considering that the EU BS was going to replace their historical contribution to rural water investments.</p> <p>Source: ROM LSO 05 MR-02188.01</p>
<b>I 6.2.3</b>	<b>Evidence that EU BS contributed to greater harmonisation of donor interventions and better alignment on Government priorities</b>
PRBS1	<p>Prior to the re-engagement of donors with BS, GoL was asked to develop a PAF: 'Over the past two years, the GoL has regularly met with the development partners that have indicated an interest in participating in General Budget Support (GBS): EC, World Bank, DfID, Irish Aid and African Development Bank. Following the successful implementation of a roadmap, the GoL has worked since October 2007 on developing a Performance Assessment Framework (PAF).' The DP's response to the GoL's first presentation of the PAF (January 2008) was coordinated by the EU.</p> <p>Source: PRBS-I PIF</p>

<b>I 6.2.4</b>	<b>Evidence that BS reduced transaction costs</b>
	<p>“The feeling on SBS is less confident. It is true that the coordination in the sector has been improved and information between stakeholders is more effective but SBS added a load of work to follow and prepare the reports: no additional funds from GoL to perform this cumbersome amount of papers and reports. Indicators to be fulfilled is time consuming and very challenging. It is difficult to meet the targets of the indicators that were suggested (not imposed) by the EU on design stage. Maybe there was a lack of understanding from the GoL when the indicators were agreed for SBS. The challenge was not really understand by officials. At design stage not only ‘politicians’ should be involved but also a larger number of responsible, mainly those who will be in charge of gathering the data: problem of the relevance of people who discuss the SBS. Preparation must be more extensive”.</p> <p>“The SBS approach led to many confusion and misunderstanding: comprehension that no additional funds are provided to the sector from which significant efforts are requested caused some disappointment amongst the existing GoL sector services: no additional funds, only more work to achieve. Project approach is preferred and if BS is chosen again, then general budget support seems more adequate, this to spread/equalize the burden and resources between stakeholders. Projects also give more employment to Lesotho. You don’t see much about SBS, don’t know where the money goes.”</p> <p>MN 302, MN 303, MN305</p>
<b>I 6.2.5</b>	<b>Evidence that the policy dialogue and priorities as identified through disbursement conditions were better coordinated, allowed strategic discussions and were more conducive for the implementation of government strategies</b>
	<p>The Ministry of Finance and Development Planning (MFDP) established a PFM Improvement Reform Steering Committee (IRSC) in 2005, to oversee, coordinate and monitor PFM reforms. The IRSC was an integrated team of senior line officers working in functional areas of PFM across MFDP and other government agencies, sharing views and progress with key development partners (DPs) involved in supporting PFM reform activities in Lesotho. It functioned for a while but hasn’t met since 2013.</p> <p>Sources: ADE 2012, MN29, MN56</p>
PRBS-I	<p>The re-engagement of DPs with BS took 2 years of discussions around the PAF (all DPs) and the PFM component of the PAF (WB-GoL).</p> <p><i>Source: PRBS-I PIF</i></p>
PRBS1	<p>From the 2008 and 2009 reviews, it appears that the DPs did not just monitor but also had technical and strategic discussions with the GoL, which ended with elements of advice on the directions to take incorporated into the Aide-Mémoires of the JAR.</p> <p>Sometimes DPs transformed their advice into additional disbursement conditions: ‘ (...) So the agreed target is the approval of terms of reference for the quality assurance review.’ ‘It has been agreed to add the submission of the Audit Act to Parliament to the PAF target for 2010.’, ‘There is no centralised registry of all corruption cases which are being investigated and followed by different institutions and agencies in the country. In order to monitor progress made on reducing corruption in public service it appears to be necessary to establish a baseline of all corruption cases under investigation by 2010. The DCEO agreed to establish such a baseline as the target for 2010.’</p> <p>In the 2009 review, DPs and GoL also decided to reduce the number of indicators/targets in the PAF and increase their meaningfulness (overall targets reduced to 35 from about 60 in the first PAF).</p> <p><i>Source: GBS Joint Review, Nov 2009 and Sept/Nov2008.</i></p>
PRBS1	<p>The disbursement requested for the VT1 in July 2010 was 70% of the maximum of M€3.5, ie M€2.45 due to the missing of targets on indicators linked to fighting corruption, disease treatment, disease prevention and total water supply; the target on secondary education did not book sufficient progress.</p> <p><i>Note of HoD to Director AIDCO/C of 12/07/2010 requesting release of FT1, FT2 and VT1.</i></p>
	Release of VT2 was less than the maximum amount, mainly due to indicators having not been

	achieved in education and health.
PRBS2	<p>FA Annex 4: ‘The quarterly held IRSC meetings (Improvement Reform Steering Committee) evolved into a PFM reform monitoring committee which is attended by relevant directors of the Ministry of Finance and donor representatives (including the EU Delegation) and chaired by the PS Finance. The meetings are prepared and documented with official minutes by the Reform Coordination Unit which serves as the committee's secretariat. The committee agreed to include oversight of progress on all GoL's commitments within general budget support and to the IMF benchmarks into its mandate. These bimonthly meetings are the main forum for a dialogue on PFM reforms, for technical follow-up and monitoring. Every participant is requested to report on his particular area of responsibility (including DP's). Issues which DP's observe not to be moving ahead e.g. like the revision of the audit act have to be taken to the ministerial/political level in separate meetings.</p> <p>Source: FA undated (2012?)</p>
	<p>JAR: done in July but not yet published. For water changed the whole set up and approach of the review. Before JAR used to be a joint assessment of the GoL performance. Now the donors assess on the basis of the GoL data and then GoL responds.</p> <p>Problem of infrequency of dialogue: political dialogue once a year. The infrequency of the political dialogue doesn't allow for the cooperation dialogue to reach a level where the EU is heard and if there is no money to put on the table, then the donor is not listened to. In addition in the past the political dialogue was just 2 monologues.</p> <p>Source: MN44</p>
	<p>There used to be strong collaboration between the EU, WB and AfDB around 2006 when preparing for the resumption of BS. Currently coordination has broken down, with the WB in particular following its own indicators, outside the PAF and not liaising with the EU about BS.</p> <p>AfDB was part of the group but delayed its programme till 2010. There was an issue of PFM assessment then end 2009 there was an issue about macro-eco stability (SACU revenues declined so IMF was putting caution): EU and WB did disburse. The UE has been the lead donor because of their presence in Lesotho. Irish aid pulled out of BS because of fiscal issues. They were supporting PFM reform.</p> <p>The WB didn't disburse in April 2014 because the IMF and WB's analysis of the macro-economic situation showed that eligibility conditions were not satisfactory. The EU disbursed nevertheless. In Nov 2014, the situation is no better and the WB is in the process of pulling out altogether from BS.</p> <p>When BS was launched in 2008 there was no NSDP, it was an interim document, In 2012 there was a question about basing it on the NSDP and they said they couldn't change it in the PAF: the Govt had the NSDP so it should have been based on the NSDP. So there also there was a difference between the basis for WB and EU for BS. The NSDP was drafted with EU support. It was the first thing the new GoL approved in Dec 2012. So it should have served as a basis.</p> <p>Source: Minutes of RG, MN49, MN53</p>
<b>I 6.2.6</b>	<b>Evidence of changes in coordination of donors and joint initiatives (programming missions, monitoring missions, studies etc.) linked to BS</b>
PRBS-I	<p>All DPs interested in providing BS participated in joint discussions with the GoL around the implementation of the roadmap and the elaboration of a PAF.</p> <p>The PIF notes that there is joint partner-government assessment of sectoral progress in transport, education and health and that the PAF aims to facilitate expanded government-partner dialogue in the area of Civil Service reform.</p> <p>Source: PRBS-I PIF</p>
CGP	Lesotho is not a hotspot for emergency practitioners but development assistance should remain especially to tackle food insecurity as there is a good absorption capacity in Lesotho

	<p>compared to other crisis countries. The budget support can be useful for letting the government taking the ownership of projects like the CGP and give an incentive to align with social indicators. There is a problem if the government takes the money as a present, and if they give the money to rich people by not doing a need based targeting. With the recent entry of the WB, the dialogue with ministry of planning will be different as the government listens better WB and IMF than the UN. The EU and WB are coordinating, for example they had a debriefing meeting following an exploratory mission with the WB, EU, UNICEF, WFP, FAO to see areas of support in Social Protection for the WB.</p> <p>Source: MN 402</p>
<b>I 6.2.7</b>	<b>Capacity strengthening initiatives linked to budget support operations were more relevant, better coordinated and more effective in delivering results</b>
CBEP II	<p><i>The programme has made valuable but limited contributions to improved macro-economic analysis, production of statistics, development planning and financial management. Alongside other donor interventions, it has supported Government's improvements in the quality of medium term expenditure frameworks and its move to programme budgeting, as well as providing support to key changes in the Government's financial accounting and reporting practices. At an individual level, it has had a positive impact in terms of improved knowledge, but at an organizational level, this impact is diluted because some training is non-targeted and because of other internal environment constraints (e.g. co-ordination). At institutional level, overall impact of support has also been negatively influenced by pace of reforms (e.g. HRD). However, actual impact has been considerably less than planned because of weak overall management and co-ordination arrangements, and limited participation of all relevant stakeholders.</i></p> <p><i>The envisaged impact on planning capabilities at the ministerial and district level has not materialized as the comprehensive planning framework has not progressed beyond support to the production of the medium-term development plan (NSDP).’ (Page 45). Constraints to effectiveness of impact include GOL poor RH management, lack of training policy, staff retention and morale and slow pace of civil service reforms. Thus, in total, the planned results have either not been achieved or been achieved only partially. ‘Most outputs are unsustainable without continued support. Based on all documents reviewed and discussions with both technical advisers and government officials, it is clear that sustainability remains an unresolved issue. <b>This is because of the same issues cited at the mid-term review of CBEP I:</b></i></p> <ul style="list-style-type: none"> <li>▪ <i>Staff retention and morale;</i></li> <li>▪ <i>Remuneration and career prospects; and</i></li> <li>▪ <i>Internal communication, coordination and delegation, still exist. ‘</i></li> </ul> <p>Source: CBEP Evaluation.</p>
<b>I 6.2.8</b>	<b>Domestic revenue mobilisation increased</b>
PRBS2	<p>In the second phase of its reform process, LRA's business strategy includes the replacement of the existing IT system with an Integrated Revenue Management System (IRMS), for which the Ministry of Finance already approved the budget. An IMF technical mission (May 2011) recommended as necessary further steps in revenue administration reform:</p> <ul style="list-style-type: none"> <li>· Improve compliance management</li> <li>· Reorganisation and segmentation</li> <li>· Simplify small taxpayer regime</li> <li>· Business process reengineering and new IT system</li> <li>· Postpone collection of non-tax revenues until IRMS has been implemented</li> <li>· Finalise revision of customs and excise legislation and strengthen customs functions</li> </ul> <p>Source: FA annex 4</p>
	<p>In terms of fiscal surplus the department of economic policy is responsible for managing this. Most of it went to repay the external debt. The current thinking is that any public surplus should contribute to diminish the levels of outstanding public debt so as to create the fiscal space for future borrowing (with the LHWP II).</p> <p>Domestic debt management is not an issue as there has never been an issue of treasury tensions. The GoL only issues bonds to mop up the excess liquidities and periodically they issue some bonds to finance the deficit (quarterly). The amount of the total bond issuance is</p>



	<p>agreed and auctioned but never to the full amount. Maturities are for 10 year, 7 year, 5 year, (the 3 year has been redeemed). It is mainly to keep the market alive and to mop up the excess liquidities from the commercial banks. There are also insurance bills that require a certain % to be invested in the country with the expectation that the pension funds will pick some of those up so they have a longer maturity. The insurance companies are starting to be active on the market.</p> <p>The only problems there have been in terms of building up of GoL payment arrears are due to poor financial management; in this regards the IFMIS has been blamed by different interlocutors as having contributed to the weak performance of financial management. Its poor implementation has contributed to building up payment arrears to suppliers; IFMIS has also been blamed for not giving a full picture of public accounts and therefore undermining the work of the Accountant General, the auditor General and the Parliamentary committees who are supposed to scrutinise the public accounts.</p> <p><i>Source: MN48, MN92, MN13</i></p>
	<p>In 2012/13 and again in 2013/14, domestic revenues dropped, whilst fiscal stance loosened: domestic revenues fell because of a drop in SACU transfers but also because of an unexpected drop in tax collections.</p> <p>IMF 2014</p>
<b>CJ 6.3 EU BS has improved the public administration's capacity in public policy planning, management and monitoring</b>	
Social sector	<p>The EU has insufficiently communicated with partners especially from the humanitarian sector on its BS and conditioning, which reduced possible synergies in keeping checks and balances. In the development of the NISSA and with the recent discussion on the development of a national social protection coverage addressing specific vulnerable groups, there is scope to engage with bureau of statistics and further strengthen M&amp;E within different ministries. Similarly, the EU could have performed much earlier a review of the different social protection instruments and could have addressed issues arising around cash transfers delays and MoSD cash mobilization and consolidation by exploring the functioning of other schemes such as engaged with ministry of finance or even working closely with ministry of planning. For the national social protection strategy to be fully implemented, an interministerial body would be needed, which would have been facilitated by the EU building strong partnership with a wider range of government partners.</p>
Water	<p>If the coordination in the water sector has been improved, there is however no evidence of an improvement of the management efficiency and sustainability of the public administration's capacity in policy planning, management and monitoring. Concerns remain in some cases about real commitment, which seems not systematically in place. The EU should pursue actively the promotion of capacity building to develop technical and managerial capabilities of all water institutions and enable a move towards greater decentralisation of decision-making processes.</p>
<b>I 6.3.1</b>	<b>Development of public policy planning, planning capacities and tools (expertise in strategic policy development and programming, macro &amp; fiscal projections, MTEF, improved budget cycle, improved sector policies, strategies and action plans, etc.)</b>
	<p>In the water sector, these benefits of coordination were not seen and there were a lot of power plays between the heads of different institutions and the PS.</p> <p>The preparation of the SBS was difficult with 2 rejections in Brussels (absence of sector strategy then finally approved with a 2 year interim strategy approved by co-ministers). The MoW had a different access to the MOF and also had to report for the SBS and the GBS so it had implications but difficult to say whether the MoW gained anything in terms of budget allocations.</p> <p>GBS: had to overcome pre-existing divisions between Ministry of Finance and Ministry of Planning.</p> <p>GBS: struggle with IFMIS in the beginning. Also had to overcome pre-existing divisions between Ministry of Finance and Ministry of Planning. The problem was more with the underperformance of line ministries: health and education had deteriorating indicators (or not</p>

	<p>improving). All the social protection was also very difficult. They got a lot of support from the other donors. No success in linking GBS with other sector WG: coordination was lacking, esp in health and education where there were a lot of donors.</p> <p>1<sup>st</sup> PAF: the line ministries had not been properly consulted and didn't know what they had 'committed to'. First two reviews were not coordinated and problems identifying what are 'their' indicators and 'their' policy. Worked hard to improve the PAF for the second phase and to be very clear on what is expected of each.</p> <p>Source: MN02</p>
	<p>BS didn't contribute to education and health policies but did contribute importantly to fiscal policies and the budget process (made people understand what is needed to implement the policies): in sectors they already had SWG and policies so the GBS contributed more to a budget more coherent with sector policies (rather than shaping policies) and then to link sector budget planning to overall budget planning.</p> <p>Source: MN02, MN17.</p>
PRBS 2	<p>The Action fiche for PRBS 2 notes that the Interim National Development Framework (INDF) 2009/10-2010/11 (which is guiding the planning and resource allocation at the time of writing) has not set any clear indicators and targets. It is to be replaced by 5 year the National Strategic Development Plan. GOL's priorities throughout the earlier PRS 2004-2008 and the INDF were on development through education, social protection and economic growth. The NSDP will cover five broad clusters: "Accelerated, Shared and Sustainable Economic Growth", "Human Development and Social protection", "Good Governance", "Environment and Climate Change" and "Cross cutting issues": integration of population, gender, youth and others. But nothing is said in the Action Fiche about the M&amp;E arrangements of the NSDP.</p> <p>There are also some fiscal/budget and MT financial perspectives announced in the FA which table on a further reduction of SACU revenues and a 20% fiscal deficit in 2011/12 despite cuts in both recurrent and capital expenditure, 'GoL keeps its commitment to poverty reduction by safeguarding spending on vulnerable groups and key priority areas for growth. If the proposed adjustment path can be implemented, supported by the recent significant increase in tax collection, the non-SACU deficit is expected to reach sustainable levels by 2013/14 and the fiscal position to return into balance by 2014/15.'</p> <p>Source: Action Fiche PRBS2</p>
PRBS 2	<p>From the PRBS2 assessment of general conditions, it appears that the five year National Strategic Development Plan (2012/13-2015/16) which was approved by GoL's cabinet in May 2012, is the first plan which is clearly linked to the budget process thanks to the progress made on programme-base budgeting and the preparation of budgetary framework papers.</p> <p>Source: Assessment of general and specific conditions, 24/07/2012</p>
	<p>Support for the NISSA database, which is ongoing, is a valuable planning and management tool that has the potential to target resources towards social protection (and potentially pension entitlement) more effectively. However this is work in progress and it cannot be guaranteed that the NISSA will be used effectively in practice. MN104 etc.</p>
<b>I 6.3.2</b>	<b>Improvement of public policy implementation, implementation capacities and tools (timeliness of funding availability, improved procurement cycle, improved information systems, availability of human resources/ progress in civil service reform)</b>
PRBS1	<p>The Government's review of the PAF 2009 reports that:</p> <ul style="list-style-type: none"> <li>- an independent procurement authority was to be set up but this was rejected by Cabinet. New regulations would still however be drawn up (under the PFMA).</li> <li>- The IFMIS was extended and extensive training of staff took place but lots of teething problems (linked to the unfamiliarity with the system). The GoL notes that the system enables better implementation of internal controls ('commitment control is one of the strongest features of IFMIS and budget limits cannot be exceeded without the authority of the Budget Controller).</li> <li>- Civil service reform did not progress in the beginning of the period (2009) but progress was made on extending the IFMIS system.</li> </ul>

	Source: PAF report 2009
General	<p>The capacity of the public service is extremely weak: the politicisation of the civil service is a major constraint to efficient and effective management of public affairs and implementation of policies. The PRASAD report (July 2014 notes: 'There is now a widespread consensus amongst all political parties, civil society and the public service that the Lesotho public service should be reshaped as an independent, non-politicised, professional service delivering the policies set by Ministers and approved by Cabinet.' (see also I 1.1.5). The meetings with GoL staff have shown that capacity in some departments is extremely weak, that staff is dispirited and lethargic but in some other offices, staff is technically competent but without effective leadership. The civil service seems largely adrift and directionless. The civil service has been very badly affected by the political changes. The public service should be kept stable – keep people who do their work.</p> <p>Sources: all meetings.</p>
	<p>Problems with all tools: IFMIS, MTEF, modelling (MTFF).</p> <p>IFMIS: IFMIS was funded by DFID and EU in 2008-2009 with a lot of problems. Now the WB is going to take over that component under the new PFM Action Plan and the question is whether to continue with the same or to get a new complete system. From the analysis is that MOF will stick with the existing system but the promise is to adapt it to the needs of the country.</p> <p>MTFF: lots of problems with timely data availability and the different departments are not talking to each other so we get different data sets (macro-modelling for the BoP is not talking to the CB, the monetary sector and the real sector).</p> <p>The rolling out of the MTEF to ministries is completed in 2014/15; every year the MOF reminds the LM about the MTEF and they hold workshops to train staff. However several problems with the MTEF: It is done in 2 rounds, the first there is a correspondence between the MTEF and policy priorities but the 2nd there is no longer a correspondence between budget submissions and needs. There are thus 2 processes, one for the Budget Framework Paper (BFP) and one for the budget process and the two templates don't talk to each other. The MTEF is thus not used for budget estimates and/or for budget arbitration. Basis for allocations: expenditure patterns for the ministry, policy changes, inflation levels. Within LM there is no prioritisation of expenditures.</p> <p>The budget office does not take account of any output or outcome performance indicators in its budget arbitration, only of budget performance (if previous budget execution has been low, the allocation for the next year will reflect this – allocations reflect absorption capacity). Part of the underspending is linked to unpreparedness, in particular on the capital budget where there is a lack of preparation of projects and a lack of linking with recurrent expenditure.</p> <p>In reality the MTEF which should be a 3 year rolling exercise is started afresh every year. MOF is always on year 1 and then years 2 and 3 are discarded and not used for planning purposes. There is thus no MT horizon in the planning and budgeting. Budget planning is based on financial performance and on costs. There is no policy based budgeting, it is just incremental budgeting.</p> <p>In terms of planning, the BFP should translate the NSDP priorities but in reality some of the priorities are not addressed whilst the Cabinet introduces other priorities which are not part of the NSDP or Vision 2020.</p> <p>Sources: MN24, MN84, MN92, MN77, MN53</p>

I 6.3.3	<b>Improvement of monitoring and reporting of public policy implementation, development of monitoring capacities and tools, in particular with regards to poverty reducing sectors/activities (public expenditure monitoring, activities monitoring, statistical systems, publication of data, of monitoring reports, of PAF)</b>
PRBS-I	The PIF and interviews have highlighted the difficulties surrounding the monitoring of performance indicators, esp. in human development (one of the 3 areas to be monitored in the PAF for VT disbursement). <i>‘Issues raised in the past regarding the reliability of data in the key human development areas remain pertinent, although performance assessment for GBS can draw on the considerable monitoring and evaluation on sectoral programmes in health, education and HIV/AIDS’</i> (PIF) Sources: PIF
	<p>Indicators chosen were difficult because of break down between ministry of water and Bureau of statistics: statistical input is very weak so have to be very careful in what you choose. Also data production supported by USAID. Continuous hh survey funded by USAID.</p> <p>There is an improvement of financial data and of statistics. Statistics exist in health and education.</p> <p>So we took a lot of risk but at least we used Govt systems and didn't put in parallel institutions. Work with what you have and it might take a long time to set things up. But at least it's sustainable (not like the MCA which set up something and then it collapses on itself).</p> <p>BS didn't contribute to education and health policies but did contribute importantly to fiscal policies and the budget process (made people understand what is needed to implement the policies): in sectors they already had SWG and policies so the GBS contributed more to a budget more coherent with sector policies (rather than shaping policies) and then to link sector budget planning to overall budget planning.</p> <p>GBS was stopped in 2004 partly because the lack of a PAF: there were problems in health sector indicators. Nobody was totally aware of what was going on, not reacting v-à-v these indicators and not directing any resources in these areas of poor results. Another pb was the GoL not trusting its own systems and a possible problem was the lack of link between MOF and MoH</p> <p>Sources: MN50, MN02, MN15</p>
SBS water	<p>On SBS: water it was a total disaster. The formulation process was a disaster. We were never able to establish the budget and how it was supposed to deliver their targets. After 18 months we caved in but it was a disaster: no link between policy- strategy- indicators-results. → no disbursement of VT.</p> <p>More fundamentally a leap of faith: no clue in terms of budget allocations, just a long list of projects without any clue of how this was supposed to lead to better use of water. Started a basic water survey (there were no statistics, there had ever been a water user survey).</p> <p>Source: MN02</p>
	<p>The ability to monitor policy implementation was one of the two major stumbling blocks to reinstate BS in Lesotho (the other being PFM): having a monitorable PRSP was a major aim of work around the BS.</p> <p>Nutrition was a problem in terms of statistics: no clear lines of responsibility/hierarchy between NSO, MOF and line ministries and each had their own statistics but no one was really in charge of doing the monitoring.</p> <p>A lot of work was done on the indicators.</p> <p>Source: MN02, MN17.</p>
	<p>The PAF has, under the pillar of capacity development, 2 indicators which are both about monitoring:</p> <ul style="list-style-type: none"> <li>- National M&amp;E System (NMES) with three sub targets concerning the completion of national M&amp;E guidelines, baselines to be established for core national indicators and institutional arrangements for the NME system. A total of 21 national core indicators had been identified.</li> </ul>

	<p>- Statistics with 2 process indicators: publication of the labour force survey and phase implementation of the national statistical strategic plan. In 2009 both indicators had been substantially met.</p> <p>Note that under the PAF, one of the indicators is at least partially based on the efficiency and effectiveness of a EU funded programme (indicator 17: support to OVCs) but this indicator was rightly not retained by the EU in its matrix.</p> <p>Source: Government PAF Report 2009</p>																																																								
PRBS 2	<p>The Action fiche for PRBS 2 notes that the Interim National Development Framework (INDF) 2009/10-2010/11 (which is guiding the planning and resource allocation at the time of writing) has not set any clear indicators and targets. It is to be replaced by 5 year the National Strategic Development Plan. GOL's priorities throughout the earlier PRS 2004-2008 and the INDF were on development through education, social protection and economic growth. The NSDP will cover five broad clusters: "Accelerated, Shared and Sustainable Economic Growth", "Human Development and Social protection", "Good Governance", "Environment and Climate Change" and "Cross cutting issues": integration of population, gender, youth and others. But nothing is said in the Action Fiche about the M&amp;E arrangements of the NSDP.</p> <p>Source: Action Fiche PRBS2</p>																																																								
	<p>The Bureau of statistics (BoS) mainly undertakes routine surveys and adds different modules to its existing surveys when something specific is required. They also assist the ministerial departments (health, education) with their data treatment and even analysis. The BoS published the official data. In terms of the M&amp;E framework for monitoring of the NSDP implementation, the BoS identified the different providers of these statistics and the frequency. They choose the indicators.</p> <p>Source: MN89</p>																																																								
	<p>A unit has been set up within the MOP in 2007 to monitor the implementation of the BS but it played no role until 2009/10 when BS started to be run as a team with different sectors getting involved in having to provide performance indicators. The unit, in charge of preparing the JAR, faced difficulties with the collection of data from the different line ministries (who often presented the information at the JAR rather than before hand). The M&amp;E has focused only on the BS. However, in 2014 for the first time the GOL is producing a progress report on the implementation of the NSDP. MDG situation reports are also produced.</p> <p>MN77</p>																																																								
	<p>The results from the PAF are as follows:</p> <p>JAR Reviews</p> <table border="1" data-bbox="368 1444 1265 1787"> <thead> <tr> <th>Year of review</th> <th>2008</th> <th>2009*</th> <th>2010</th> <th>2011**</th> <th>2012</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td><b>Met</b></td> <td>15</td> <td>3</td> <td>8</td> <td>3</td> <td>5</td> <td>11</td> </tr> <tr> <td><b>Substantially met</b></td> <td>2</td> <td>6</td> <td></td> <td>6</td> <td>3</td> <td></td> </tr> <tr> <td><b>Partially met</b></td> <td>1</td> <td>3</td> <td>5</td> <td>3</td> <td>5</td> <td>5</td> </tr> <tr> <td><b>Not met</b></td> <td>4</td> <td>5</td> <td>5</td> <td>5</td> <td>5</td> <td>3</td> </tr> <tr> <td><b>Awaiting data</b></td> <td>1</td> <td>3</td> <td></td> <td>3</td> <td></td> <td>1</td> </tr> <tr> <td><b>Total</b></td> <td>23</td> <td>20</td> <td>18</td> <td>20</td> <td>18</td> <td>20</td> </tr> <tr> <td><b>Share of totally or substantially met</b></td> <td><b>74%</b></td> <td><b>45%</b></td> <td><b>44%</b></td> <td><b>45%</b></td> <td><b>44%</b></td> <td><b>55%</b></td> </tr> </tbody> </table> <p>Source: GoL PAF report 2008 and JAR</p> <p>* The progress is that reported by the GoL. DPs concluded that '12 objectives and targets were substantially or fully met and 5 policy objectives were partially achieved. Since the PAF Review Meeting significant progress has been achieved on the remaining targets and objectives that had not been met at the review in November 2009'</p>	Year of review	2008	2009*	2010	2011**	2012	2013	<b>Met</b>	15	3	8	3	5	11	<b>Substantially met</b>	2	6		6	3		<b>Partially met</b>	1	3	5	3	5	5	<b>Not met</b>	4	5	5	5	5	3	<b>Awaiting data</b>	1	3		3		1	<b>Total</b>	23	20	18	20	18	20	<b>Share of totally or substantially met</b>	<b>74%</b>	<b>45%</b>	<b>44%</b>	<b>45%</b>	<b>44%</b>	<b>55%</b>
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	<p>Source: annexes to the disbursement request.</p> <p>**: Progress as reported in the JAR. Review by EU shows that in fact only 16 indicators could be informed upon and of these 6 were achieved, 2 partially and 8 not at all. However a positive trend for 4 of those not achieved enabled a general conclusion as satisfactory.</p> <p>Source: DEVCO note to file.</p>
<b>I 6.3.4</b>	<b>Views of stakeholders on role of EU BS in these improvements</b>
	<p>Stakeholders consulted were mostly totally unaware of the EU support in the sense that they themselves or the people they work with had not experienced at first hand any of the training or support provided by the EU. This was valid across the board; the same people were aware that the EU had financed some tools (IFMIS, MTEF, model, ...) and had heard of CBEP I and II but they were not aware of anyone having actually benefited from this.</p>
Dependency	<p>According to some NGOs, the fact that the EU is not supporting NGOs directly is not a cost effective mechanism. For the past 6 years Lesotho has relied on external aid, they believe that the social protection could have moved earlier if the government did not become very dependant. There must be more accountability. NGOs are mostly unaware of the EU budget support and would like to see an impact evaluation.</p> <p>Source: MN 409</p>
Water	<p>“The challenge was not really understood by officials. The preparation stage must be longer and awareness on the difficulty to get the indicators must be more highlighted. Also at design stage not only ‘politicians’ should be involved but also a larger number of responsible, mainly those who will be in charge of gathering the data: problem of the relevance of people who discuss the SBS. Preparation must be more extensive. EU support in the sector very relevant and should be pursued as a matter of confidence but more should be done on awareness of SBS and understanding of the challenges involved.”</p> <p><i>MN 302</i></p>
<b>CJ 6.4 EU BS has facilitated the design, implementation and monitoring of a PFM reform programme</b>	
<b>I 6.4.1</b>	<b>Existence of a PFM reform policy, strategy, a detailed costed and time bound action programme and monitoring mechanism and system</b>
	<p>There was no PFM reform programme and the preparation of the PRBS1 thus entailed the preparation of a PFM roadmap and the solutioning of the GoL accounts (opening balance to be approved by Parliament = precondition to PRBS1). FT1 focused on audit and accountability.</p> <p>The May 2006 A-M specifies that there is a ‘programme of public financial management (PFM) reform as one of three components under the overall Public Sector Improvement Reform Programme (PSIRP). The programme is comprehensive and ambitious and clearly benefits from being championed by the Minister of Finance and Development Planning’. The only element of the PFM reform programme detailed in the AM is the MTEF (pilot basis in 6 ministries).</p> <p>Source: MN17, A-M 2006</p>
PRBS1	<p>PFM reviews undertaken: PEMFAR in 2006 (WB), PEFA 2009 and PFM Technical IMF mission Feb 2010. Also PFM review in Ministry of Natural resources in 2011.</p> <p>Main progress is noted on IFMIS and reduction of backlog in public accounts to be audited. Progress in revising the Public Finance and Management and Accountability Act (expected Parliamentary adoption in 2011). Point of concern remains on the revision of the Audit Act (stalemate between MoF and AG). The PFM analysis in the request for disbursement note is incredibly short, esp when considering that PFM was one of the two main stumbling blocks for resuming BS and that the non fulfilment of the PFM pre-condition has stalled disbursement for 2 years (disbursement of FT and VT 2008/09 now being requested in July 2010).</p> <p><i>Source: Note to Director Aidco Request for disbursement, July 2010</i> <i>Action Fiche (including annexes)</i></p>

PRBS1	<p>PFM was monitored both through a PFMWG (the PFM Improvement and Reform Steering Committee (IRSC)) under the auspice of the PS Finance with participation of major donors (WB, EU, USAID) and through the JAR.</p> <p>A PEFA was undertaken in 2009 (by GoL, DFID, IA, AfDB, EU and WB) and showed that 'areas of production of accounts, procurement and auditing still call for improvement. Some good progress has been made with completion of the Statement of Affairs and the preparation of 2008/09 and 2009/10 accounts. The latter cannot be finalised and are awaiting Parliamentary approval of the Statement of Affairs which will provide the opening balance of 1 April 2008. Major achievements so far are the introduction of IFMIS and the Public Financial Management and Accountability Act which is presently being discussed in Parliament. IFMIS is still showing problems with system security which government is addressing with the support from the EU. With the help of a quality audit team Government is drawing up an action plan for short- term interventions to ensure the security and basic functioning of the system. <u>The draft PFM action plan</u> is a good basis for the continuing PFM reform and its monitoring. Development Partners would like to propose the finalisation of the action plan and the PEFA response plan during a joint workshop in January 2011.'</p> <p>Source: GBS JAR 2010, minutes of PFM-IRSC July 2010</p>
PRBS2	<p>The Action fiche (annex 4) presents the situation with regards to PFM and notes that the EC, DFID and Irish Aid started an ambitious and comprehensive reform programme in 2005 covering all stages of the budget cycle from budget formulation to legislative scrutiny and audit. The MTEF was introduced and the core components of an IFMIS were introduced as from 2009 across all ministries and offices. Fully using IFMIS for budgeting, recording and reporting has progressed slowly. PFM reforms were expected to be completed by the end of 2011.</p> <p>The GoL PFM reform programme (initially 2005-2008, then extended): Public Sector Improvement Reform Program (PSIRP) has been formulated in collaboration with DPs and its first sub component is improving PFM and accountability: (i) shift to MTEF supported by macro-eco modelling, (ii) introduction of IFMIS, (iii) public procurement reform.</p> <p>JAR 2009 decision to develop a PFM Action Plan by September 2010. Monitoring continuing through the IRSC (Improvement Reform Steering Committee). The draft was only produced in June 2011 (the DFID team left the MoF in Sept 2010 which slowed down the process considerably), also based on the PEFA 2009 findings/addressing the identified weaknesses and on IMF benchmarks</p> <p><i>Source: Annex to the AF</i></p>
	<p>PFM: implementation is not happening. The IRSC (Improvement &amp; Reform Steering Committee), responsible for the coordination, supervision and monitoring the MPDF reforms and chaired by the PS, has not met for a year. The PFM secretariat was dissolved this year because there was no actions. The Gol might be attempting to put it back to life. EU is trying to communicate that the upcoming PFM EU project is not starting if the secretariat is not there. The secretariat is there to support the PFM agenda. The EU put a TA in MOF (Planning Dept) to try and kick start the process.</p> <p>There is an Action Plan developed in 8 points which is to be supported by the EU, WB, AfDB. Each of the 8 components has a component leader but the PMF Secretariat which is to oversee its implementation has not yet been formed. The incumbents should ideally have been senior civil servant instead of which it looks like there will be special recruitments for these posts.</p> <p>The Action plan has been prepared by a TA. There currently is a EU funded TA doing the bridging until the FM secretariat is in place: this TA will coordinate the 8 components and the 3 donors.</p> <p>Donors have been trying to do a lot in PFM: DFID, Irish Aid but the PFM has been going backward. Last PEFA is 2012. The political instability's effects are not yet clear.</p>

	<i>Source: MN80, MN92, MN56</i>
<b>I 6.4.2</b>	<b>BS contributed to an improved PFM framework (policy, strategy, managerial and institutional capacities and organisation, monitoring systems, regulations)</b>
	<p>Interviews showed that EU staff believes that BS has been instrumental in improving Lesotho's PFM. Because BS had to be stopped in 2004, a lot of work was done to ensure better PFM in the following programme. PFM tried BS under the 8<sup>th</sup> EDF and failed. In 9<sup>th</sup> EDF invested in IFMIS and in 10<sup>th</sup> EDF there was progress but still a lot of problems to get data. Progress on PFM: budget cycle, procurement.</p> <p>Although the BS programmes were separate programme there were joint assessments: JAR, common PAF, but with individual conclusions and disbursements.</p> <p>Also on the main problem is availability of data, the WB has also been on board.</p> <p>The PAF was based on the roadmap.</p> <p>Sources: MN45, MN02</p>
Overall	<p>Public financial management in Lesotho is weak, seriously impairing budget planning, execution, and monitoring and the overall delivery of government services. Staff encouraged the authorities to build upon the PFM workshop that was held in November 2013, and actively pursue the implementation of the PFM reform action plan. Efforts need to be stepped up in the following areas: (i) strengthening the PFM Secretariat so that it can advance the reform agenda and coordinate the contributions of development partners; (ii) making the Cash Management Unit (CMU) operational and introducing the monthly reconciliation of all Treasury accounts to strengthen the auditing of government operations; (iii) implementing the IFMIS upgrade; (iv) finalizing the draft regulations for the Public Financial Management Act (PFMA); (v) strengthening the Medium Term Expenditure Framework (MTEF) to ensure meaningful medium-term expenditure ceilings to line ministries; and (vi) building government's capacity for project appraisal to enable capital spending to generate high returns. Finally, staff encouraged the authorities to submit the Public Debt Management bill to parliament without any further delay and to ensure its expedient passage and implementation in order to strengthen debt management procedures and eliminate the remaining legal loopholes, including the issuance of government guarantees to private entities. The draft law would give legal backing to the work of the Debt Management Committee which is required to review and analyze all requests for guarantees and, among other things, conduct due diligence and analysis of possible risks. The single public debt ceiling would also include guarantees granted by the government.</p> <p>Source: IMF, 2014.</p>
PRBS-I	<p>In addition to the general condition for BS disbursement related to the general satisfactory progress in the implementation of the programme to reform PFM, two specific PFM related indicators (out of 10) were retained for the VT of 2009/10 and 2010/11 as follows:</p> <ol style="list-style-type: none"> <li>1. Reduction in corruption within the public sector</li> </ol> <p>Four sub-indicators were used with the aim of monitoring the setting up and implementation of the anti-corruption strategy (by the Directorate of Corruption and Economic Offences) as follows: (i) the monitoring of Systems Integrity Committees, (ii) the examination of the operational systems of ministries, (iii) the new systems integrity committees staff trained and operationalized, and (iv) the number of cases completed and put before the Courts of Law.</p> <ol style="list-style-type: none"> <li>2. Effective external auditing and scrutiny</li> </ol> <p>Two sub indicators were retained to monitor improvement of the auditing of public accounts to enhance fiscal transparency and accountability: audit of public accounts and the submission of audit reports to Parliament as legally required and a review of the adequacy of the existing Audit Act (in year 2009/10 only)</p> <p>There were also two prior conditions:</p> <ul style="list-style-type: none"> <li>○ Adoption by the Parliament of the Statement of Affairs producing the GOL balances on 31/03/2008</li> <li>○ Adoption by the GOL of the Interim PRGS</li> </ul> <p>The first one relates to the problems faced by the accounting and auditing system resulting from the poor state of the public accounts for 2004 and before which made it impossible to close the books in subsequent years. The GoL proposed to have a "Statement of Affairs"</p>



	<p>adopted at the end of the 2008, which would enable an agreed balance for the start of the following financial year, and for public accounts to be completed for 2005/6, 2006/7 and 2007/8. At the time of the FA preparation, this proposal was been cleared by the Cabinet and was to be presented to Parliament and it was thus attached to the PRBS-I programme as a prior conditions.</p> <p><i>Source: PRBS-I FA and PIF</i></p>
PRBS1	<p>In the PAF out of 20 indicators, 5 relate to PFM:</p> <ol style="list-style-type: none"> <li>1. Improving budgeting systems: entails the publication of the MTEF as part of the budget and the preparation of MTEF by all ministries for 2010/11-2012/13</li> <li>2. Procurement: 2 process indicators (agree on follow-up actions of CPAR and review and revise the coverage and provisions of the public procurement regulations)</li> <li>3. PFM: This entail the improved financial management in line with PEFA recommendations so four subtargets related to IFMIS inputs/outputs including phased rollout of IFMIS</li> <li>4. External audit: entails audit of public accounts 2006/07, submission of audit reports to Parliament, review of the adequacy of existing audit act.</li> <li>5. Corruption: 3 input and one output indicator.</li> </ol> <p>Sources: GBS-JAR and GoL PAF reports</p>
	<p>€4.2 PFM project of which TOR have been launched and are in assessment phase now. It addresses 3 points of the 8 points of the PFM Action plan action (1.2.8). The other points are supported by other donors. EU was participating in the reform agenda itself and cooperation coordination project that is targeting the management of aid in the country. We are not able to track aid money – is it targeting poverty? It is a part of the PFM package to track Aid.</p> <ul style="list-style-type: none"> <li>- PFM reform</li> <li>- Cooperation coordination projects</li> <li>- €600,000 set aside to empower the Accountant General (through IMF advisor).</li> <li>- Some project with the bureau of statistics.</li> </ul> <p>The AfDB will tackle support to procurement, internal audit, accounting system, budget preparation, corruption. Supporting 4 areas within the Action Plan. It has been signed but not yet implemented.</p> <p>Source: MN49, MN80</p>
	<p>There has been no improvement in PFM</p> <p>Source: MN49, MN56,</p>
	<p>Several interviews illustrated occurrences of weak financial management and/or corruption. There were a lot of accountability issues surrounding the Global Fund with GoL using the same expenditure items to justify the use of different donors' grants; similarly the BS that the AfDB provided was received in the CB but no trace was then found within the GoL budget. More generally the GOL accounts are never unqualified and no action (sanction) is taken on wrongdoings.</p> <p><i>Sources: MN49, MN62, MN13</i></p>
	<p>No BS has been disbursed since January 2014.</p>
<b>I 6.4.3</b>	<p><b>BS contributed to improved accountability</b></p>
	<p>There was a lot of progress on the policy dialogue with all line ministries around the table and getting them to discuss (also with the Audit Office and Parliamentarians). The largest effect of the BS was through the requirement to report to the head of government and to Parliament: effect on reporting, accountability, responsibility: why did you not achieve this, what are the justifications? A lot of incentives to move forward: convincing the different people in different silos that talking to each other could be beneficial without being threatening.</p> <p>Source: MN02</p>
	<p>IFMIS, funded by the EU, has been blamed by different interlocutors as having contributed to weakening the performance of financial management. Whist it has enabled to set up linkages between the central and line ministries and included different budget modules, its poor implementation has contributed to building up payment arrears to suppliers; IFMIS has also been blamed for not giving a full picture of public accounts and therefore undermining the work of the Accountant General, the auditor General and the Parliamentary committees who</p>

	<p>are supposed to scrutinise the public accounts. This is against an expected situation where IFMIS would have had interlinkages with other local systems and with departments (like the Central Bank), been comprehensive in its data coverage and facilitated M&amp;E of budget performance. However, the extent to which this has happened seems limited. Lesotho rolled out the IFMIS without piloting it first and then it fails to connect with other modules unless it is redesigned.</p> <p>The Parliament has set up portfolio committees to scrutinise the budget before its submission to Parliament (after May 2012) and to monitor the budget execution (see whether budget execution is timely, following the rules and whether funds are used wisely). These committees have functioned but with very little capacity. They are unable to analyse the budget allocations and compare them to policy priorities. It is hoped that they will function after the elections. For the moment the Parliament has very little capacity to scrutinise the budget but they did find that often the budget has not been used prudently. The weakness of the Accountant General is also pointed out and the fact that IFMIS doesn't produce full accounts covering all aspects of public monies.</p> <p>Finally the lack of financial independence of the Parliament is also a problem. This adds to the fact that the Parliament is totally under the tutelage of the executive: a question can only be tabled when it is approved by the business Committee but this Committee is not chaired by the Speaker but by the Deputy Prime Minister. So a lot of reports produced on the budget are not actually tabled for debate in Parliament. Then from the few reports that are tabled, very few are then passed for action and even then the recommendations for action are not acted upon. There is a failure of Parliament's functioning.</p> <p>The Auditor General is also extremely weak despite some earlier TA (that was stopped). 'Audit is being deliberately crushed' and accounts remain very poor, without any reconciliation of accounts despite the earlier 'zero opening statement'.</p> <p>Finally many of the interlocutors underlined the complacency of Lesotho: if the delivery of public services is found wanting, then Basotho go to South Africa and there is no bottom-up accountability or culture of pressing the GoL to deliver. Adding this to the political situation with the 'sharing of the spoils', vested interests and patronage, accountability in Lesotho is seriously undermined.</p> <p><i>Sources: MN13, MN48, MN49, MN92, MN62</i></p>
<b>I 6.4.4</b>	<b>Views of stakeholders on role of EU BS in these improvements</b>
	<p>Sustainability of the tools developed with EU funding has been found to be very poor. IFMIS maintenance and upgrade is linked to the source consultancy firm which designed the system. The EU did not address the issue of capacity building. There was no transfer of skills and knowledge. The few people who had been trained have left.</p> <p>In addition the users (line ministries) have not benefited from any training on change management</p> <p><i>Source: CBEP Evaluation report, MN92</i></p>
<b>CJ 6.5 EU BS has contributed to the improvement of public spending patterns</b>	
Social	<p>From a Social Protection perspective, it is rather the CGP that has enabled a discussion on public spending in the sector and subsequent cost-efficiency revisions, rather than the EU BS. However EU BS presumably gives the EU a stronger voice than a single project when advocating government institutions.</p>
<b>I 6.5.1</b>	<b>Macro-economic and fiscal stabilisation achieved thanks to BS</b>
	<p>Lesotho has generally pursued a prudent macroeconomic policy although it remains heavily dependent upon SACU revenues (which rose from 25 % of GDP in 2004/05 to about 37% of GDP in 2008/09). Lesotho ran large fiscal and current account surpluses and its external debt has remained low, partly because the authorities used the surpluses to repay external debt ahead of schedule so as to create supplementary fiscal space if necessary. There was however no pro-active management of these funds such as would have been expected to usefully invest these 'windfall' short term (or at least uncertain) benefits for future returns.</p>

Macroeconomic conditions deteriorated in 2009, reflecting the adverse effects of the global economic crisis: decline of the garment industry and exports, decline of diamond exports (two mines closed down, and the price of diamonds fell from M2000 in pre-crisis 2008, to M800), decline of remittances from mine workers working in SA. In the meantime public expenditure represented 69% of GDP in 2009/10 and had to be contained (capping the wage bill and expenditure on goods and services, and ensuring adherence to new lower overall budget ceilings for Ministerial budgets) when SACU revenues started declining in 2010/11, and further in 2011/12, leading to public deficits which were financed by drawing down on reserves with the central bank (limited by SACU requirements on holding NIR), issuing treasury bonds (during the implementation of the IMF programme, GoL can only borrow on highly concessional terms but with external debt ranging between 30 and 40%, the debt burden is still sustainable) and receiving considerable donor support:

in percent of GDP	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Surplus/déficit before grants	1.9	11.5	6.6	3.1	-5.17	-16.8	-17.1	
Surplus/déficit after grants	2.8	12.4	8.7	4.5	-0.1	-8.5	-8.3	

Sources: Central Bank of Lesotho Annual Report 2008, 2013

Under the IMF's Extended Credit Facility (ECF) started in 2010, GOL has committed to a medium term program to restore macroeconomic sustainability and achieve sustained broad-based growth for poverty reduction and aims at (a) containing public expenditure while protecting poor and vulnerable groups, (b) strengthening non-SACU revenues, (c) strengthening public financial management to improve spending efficiency and public service delivery, and (d) improving the business environment to facilitate private sector expansion and diversification and e) financial sector reform.

Source: AM JAR 2010, IMF, Central Bank, MN 48.

The external debt situation, although very much under control presently (end 2014), is predicted by the Debt Office to worsen considerably once the LHWP Phase II is launched and needs financing. Phase II of the LHWP is going to need close to US\$1.2 -1.5 billion (power generation is going to be funded by Lesotho but the water is going to be funded by South Africa). GOL will have to take non concessional loans. The investment is believed to be good but compared to the projected revenues from SACU and the returns from the investment there is going to be a considerable financing gap which will need to be closed by external borrowing. The question about the implications of the Phase II is currently in debate with the policy makers.

Another point about the external debt is the absence of any investment/project analysis: external loans are taken on without knowledge of the potential return on the investments made (mostly loans to Ministry of Public Works for road investments). The WB is currently Lesotho's largest creditor without any analysis of the loans' effectiveness.

Source: MN48

There is a general feeling in Lesotho that macro-economic and social development over the past 25 years are rather negative. Public service delivery has worsened. Inequalities have increased. Governance and staff commitment deteriorated. Corruption has increased.

MN49, MN53

### I 6.5.2

#### **BS contributed to improved budget discussion processes**

EU support has enabled the development of new tools which have remained to a large extent ineffective:

**IFMIS:** the system is supposed to integrate all the departments of the GOL (debt, revenue, projects, grants etc.). The budget is in there, the payment is to be initiated from there, reconciliation and the annual accounts. However, the data are not comprehensive (missing grants). The financial statements produced by IFMIS are this not comparable to the historical trend. In addition there is a big compliance problem which has led the MoF to introduce changes to the system which in turn undermine the AG's ability to produce the accounts: if the justification of past expenses is not done within time, and the return is completed in the next financial year then the accounts can't be produced so the system has been tweaked so that it can still accept these justifications after year's closure. MOF produces a separate spreadsheet to

	<p>account for these deviations. In effect this means that the accounts submitted to the AG has figures that can still change after the audit. IFMIS also really suffers from a lack of data inputting (once expenditure has been made, there is no incentive to input the data so IFMIS situations never reflect real expenditure)</p> <p><u>Program budgeting</u>: supposedly this is being used but there is a total separation between the supposed use of the tool at line ministry level and its consideration at MOF level. Budget arbitrage is still</p> <p><u>MTFF</u>: the MTFF is updated monthly based on IFMIS but since the data on IFMIS are never up-to-date, the model has to use the data that come from the budget department. There are some issues with getting the data to update the MTFF. There are also issues with the model that was tailor made but the designer put in security codes so it can't be changed/breached, problem eventually sorted through outsourcing. No IT available in MOF to do this themselves. EU supported (under CBEP I then II) the customisation of the model (initially developed with IMF support): procurement was a problem (lengthy). Source: MN56, MN92, MN84</p>
W&S	<p>On BS there were different understandings: MoW and moF. Understanding was that the money should go to the sector. The MoW didn't budget for it. Problems about choice of indicators? There were some meetings but... If the MoW needs to reach their targets then they need the financing. No understanding that SBS was not additional. Lesotho suffers from the same problems as the DEU: very few people to manage these systems (MTEF, etc.) so take the commitment but can't manage.</p> <p><i>Source: MN44, MN22</i></p>
	<p>Budget preparation is still done on a spreadsheet (it is not using IFMIS). IFMIS is per line item whilst budget preparation is following programme budgeting. A conversion table is used between program budget and line item budget so that the data can be entered into IFMIS. Based on the chart of accounts hence can't have the program budget approach. MN92.</p>
<b>I 6.5.3</b>	<b>Patterns of evolution of budget allocations over 2005-2012 between sectors, including in particular favourable expenditure provisions for infrastructure investment and maintenance and for social protection</b>
PRBS1	<p>The Government's PAF reports (of 2009) analyse budget allocations. In the 2009 PAF report, there is mention of budget appropriations difficulties linked to IFMIS implementation resulting in underspending of recurrent budget. Requested budget cuts across all ministries then proved to be too large leading to some ministries 'running out of funds', and budget cut decisions needing to be reversed. The PAF report looks at budget allocations by ministry but without looking at the pattern of expenditure in relationship with policy priorities.</p>
PRBS1	<p>PRBS-I included two growth indicators for the disbursement of the VT, one of which was related to road maintenance. Specifically quantitative targets (in road length – km) were set for the upgrading, rehabilitation and periodic and routine maintenance of paved national trunk roads, the new construction/upgrading and periodic and routine maintenance of rural gravel roads.</p> <p><u>Note</u>: that according to GFS road upgrading and rehabilitation is investment, not recurrent costs. One should question the relevance of including targets for construction/upgrading.</p> <p><i>Source: PRBS-I FA</i></p>
<b>I 6.5.4</b>	<b>Views of stakeholders on role of EU BS in identified improvements</b>
	<p>All stakeholders interviewed gave a bleak picture of the achievements of BS in improving policies and in facilitating the reaching of development goals.</p> <p>In terms of improvements, the only clearly outstanding benefit of BS has been to improve coordination in the water sector, however other aspects (planning, etc.) have not improved. The sector complains that they planned for the support, undertook to reach certain targets but then never received the money. They also underlined that there was a huge problem of data availability due to the non availability of data from Bureau of Statistics.</p> <p>PFM has not improved. Tools have been developed but not applied. Corruption has not been</p>

	<p>addressed and not even been mentioned.</p> <p>TA has been mixed but mostly ineffective since tools developed have not been used. Systems installed are a liability for the ministries which are supposed to have been beneficiaries as bespoke systems have been developed by consultancy firms which have not trained staff to undertake routine maintenance and improvements (and/or systems have been designed so that only the designer can adapt the system): ministries have now either to change systems entirely or pay consultants to come back for each change.</p> <p>From the point of view of results, Lesotho has not improved: policy implementation has not improved and has not delivered. A recent WB systematic country diagnostic shows that poverty has not been reduced. It shows structural factors that feed into poverty. 3-4 echelons of income are using 70% of health care, so health care is in cities or accessible by car. The highest proportion of school fees is in secondary. The lowest fees are in tertiary level. The rich families highjack secondary education and then make tertiary level free for themselves. Policy implementation has led to a very unequal distribution of access and use of public services and in increased disparities in income.</p> <p>Although the Govt has funding, it doesn't use it for the stated purposes. The EU itself recognises that BS objectives were not effective.</p> <p>MN80, MN22</p>
	<p>Many reforms were undertaken in Lesotho during the period 2008-2013 (on land reform, companies Act) but not linked to BS. The first wave of BS (2008-2011) was ineffective in attaining change because there was not sufficient TA</p>
<b>Information sources</b>	
<p>Budget support documents (FA, disbursement dossiers, tranche review files) Budgets (budget law and executed budget), Sector MTEF National development policy, sector policy, strategy and action plans Sector reviews, PFM reviews (PEFA, PER),TA reports, M&amp;E reports, Interviews PFM monitoring reports</p>	
<b>Analytical methods</b>	
<p>Documentary analysis Interviews Statistical analysis of budget data</p>	

EQ7 on Non-State Actors	
<b>To what extent were Non-State Actors an effective channel of the EU's cooperation programme for achieving development change?</b>	
<b>Level</b>	
Efficiency, effectiveness This EQ will be answered in a layered manner – it is intended to be strategic, but evidence based, reflecting actual experiences on the ground with contracting and implementing programmes to support NSA and looking at how well NSA delivered in terms of the provision of social services. Given the time and resources available, the review cannot be comprehensive, and will therefore be based on limited targeted more detailed reviews across a range of interventions that have been implemented by NSA. Care will be taken to ensure that those selected represent a good cross-section.	
<b>Justification and scope of the EQ</b>	
Support for NSA has been a vital component of the EU's support to Lesotho, both as a recipient of support and as a vehicle to implement EU support. Support to NSA has contributed to the balance of support, given that Lesotho has a large public sector, and has contributed to both strengthening economic and social accountability (support to NSA/civil society acting for democratic rights), and to service delivery, particularly for the poor, including those living in rural areas and dependant on agriculture and livestock (support to NSA delivering public services and undertaking field work). Whilst NSA have an important role to play, concerns were expressed during the inception visit that indigenous NGOs were relatively disadvantaged compared to international NGO's because they have lower levels of familiarity with responding to calls for proposals.	
The EQ is therefore structured partly around the understanding of the needs of NSAs and partly around their service delivery functions, both at the state level and in the field; it covers:	
<ul style="list-style-type: none"> <li>(i) the understanding of the potential role of the NSA in development cooperation, their needs and constraints (JC 7.1)</li> <li>(ii) the effectiveness of EU's support to the NSA (JC 6.3), and</li> <li>(iii) the effectiveness of NSA's activities, in particular in terms of improved public sector governance and democratic accountability (JC 6.4) and</li> <li>(iv) the effectiveness and sustainability of NSA's activities in terms of service delivery (JC 6.5).</li> </ul>	
Preliminary Judgment Criteria and Indicators	
<b>Judgement criteria (JC)</b>	<b>Indicators (I)</b>
The initial evidence is that the EU has progressively gained experience of the capabilities of NSA and their limitations. Until 2009, when a formal mapping of both local, national and international NSA was undertaken, there was insufficient understanding of the differences between NSA working at local level and NSA with a Maseru presence. Furthermore follow-up of NSA who were provided with grants revealed that in some cases performance and accountability revealed shortcomings. The EU has faced a balancing act between capacity building of NSA and effective service delivery.	
The legislative framework for CSOs is superficially favourable but in practice there has been significant reluctance to open the Government and legislative processes to additional scrutiny from NSA, and this has limited the role of NSA in terms of accountability. Relatively slow progress has been made with decentralization and there are limitations to the effectiveness of NSA in supporting the process of decentralization. Both LGNSP and DDNSP have been criticised because of the lack of SMART indicators and this has hampered effective monitoring. This in turn makes it difficult to report in an evidence based manner on the effectiveness of NSA as service providers. Of course the counter-factual is also difficult to assess – if funding was not provided through NSA, how would it have been provided?	
<b>JC 7.1 EU's support to NSA and its use of NSA were based on a sound understanding of NSA needs and capabilities</b>	
<b>I 7.1.1</b>	<b>Evidence that a mapping study was undertaken of NSA in Lesotho, their sectors of involvement and activities</b>
<i>Summary</i>	<i>There is evidence that a comprehensive mapping study was undertaken of NSA in 2009 and a further one undertaken in 2014. Prior to that the EU made use of previous project experience such as the Micro-Projects programme. It is clear that that the mapping study, which was combined with an "Open Systems Assessment of NSA capacity and constraints, strengthened the EU's understanding of both the strengths and limitations of NSA, and this</i>

	<i>has helped to inform the downstream engagement with NSA. The EU also took account of the work and evaluations of other donors such as Irish Aid, GIZ and the World Bank and this helped to inform the linkage between NSA support and the decentralization process. The EUD has benefitted from some continuity of management of the NSA, and this knowledge has complemented formal mapping exercises.</i>
	The [confidential] report of the evaluation of NSA undertaken in 2013 demonstrates a good understanding of the capabilities (and limitations) of NSA in Lesotho. <i>June 2013 evaluation of responses to call to tender report</i>
Summary	<i>There is evidence that a comprehensive mapping study was undertaken of NSA in 2009. Prior to that the EU made use of previous project experience such as the Micro-Projects programme. It is clear that the mapping study, which was combined with an "Open Systems Assessment of NSA capacity and constraints, strengthened the EU's understanding of both the strengths and limitations of NSA, and this has helped to inform the downstream engagement with NSA. The EU also took account of the work and evaluations of other donors such as Irish Aid, GIZ and the World Bank and this helped to inform the linkage between NSA support and the decentralization process.</i>
	The Mid Term Review of the 10 <sup>th</sup> EDF cooperation indicates that under the Local Governance and Non-State Actors Support Programme (included in the 9 <sup>th</sup> EDF NIP) which was launched in September 2008, baseline surveys were carried out in early 2009. <i>Source: Mid Term Review of the 10<sup>th</sup> EDF Cooperation, 2009, page 21</i>
	A detailed assessment of the non-state actor (NSA) sector was undertaken during the identification phase. This was complemented with a mapping of the international NGOs during the formulation phase. <b>Source:</b> <i>Deepening Decentralisation and NSA Support Programmes (DDNSP) TECHNICAL AND ADMINISTRATIVE PROVISIONS 100720, JULY 2010 PAGE 3-5</i>  As noted in LGNSP project documents the EU learned a lot in terms of community engagement from the Micro-Projects Programme which started in 1999 and was closed at the end of 2006. This was designed to be owned by the communities which "were expected to formulate their genuine needs and respond to calls for applications. This approach did not fit well in a context of weak organisational and technical capacity, not only of CBO but also of NGO and NSA who in general were unable to mitigate these local insufficiencies. The analysis highlights the work of Irish Aid which funded a programme called the Civil Society Support Programme which "until now has not shown efficiency in achieving the project purpose. The EU also took account of Irish Aid's Lesotho Civil Society Engagement Strategy. <i>Source: Local Governance and Non-State Actors Support Programme Technical and Administrative provisions for Implementation: Financing Agreement (FA Number 9850 (LSO/004/06) EDF 9 2007, page 6 &amp; 6</i>
	"A key lesson from the LGNSP is that, considering EC procedures, providing grants is not the best instrument in an NSA programme which seeks to promote local governance. The capacity development component of the LGNSP is based on a comprehensive capacity building model focusing on achieving sustainable impacts. It includes promising approaches, such as the deployment of CSO mentors in the rural areas. The NSA-SP will seek to deepen and scale up such approaches. Evaluations of NSA support by other donors (IrishAid in particular) concluded that there is potential for more impact when supporting existing CSO that work with district and community councils. However, they also conclude that effective interaction with local and national government strongly depends on government's willingness and interest. Hence the importance of complementarity with the Deepening Decentralisation Programme component" <i>Source: DDNSP TAP Annex 2 page 2</i>
	Lessons learnt of special relevance to the Deepening Decentralisation Programme included that "GIZ had initially planned a sizable investment in the southern districts through a District Development Fund. However, the Government viewed this as being parallel to its own financing mechanisms with

	<p>disproportionally high overhead costs mainly in the form of international TA, and rejected it. It is thus crucial that the funding mechanism proposed in this programme entirely operates via the Government systems.</p> <p>The <i>World Bank</i> has had a similar experience, and its impacts were deemed in 2004 to be weak, which calls for close scrutiny and continuous monitoring of government commitment in real terms”</p> <p><i>Source: DDNSP TAP Annex 2 page 2</i></p>
<b>I 7.1.2</b>	<b>Evidence of needs assessments by the EU of NSA</b>
<i>Summary</i>	<i>There is particularly good evidence of this for the DDNSP programme (see below). It is a less clear, based on available evidence, that earlier programmes undertook formal needs assessments, although it is clear that the design of LGNSP had sought to take on board lesson-learning from earlier engagement with NSA through the micro-projects programme.</i>
	Fieldwork discussions e.g. with Send a Cow, highlighted a sound understanding of NSA in Lesotho by the EUD, in part because of extensive contract – for example the EUD actively sought to engage NSA and explain the processes and reporting needs of the 2013 Call to Tender.
	<p>The needs assessment for DDNSP looked beyond individual NSAs and their organisational development needs. It placed NSAs within their legal and socio-economic context and explored the opportunities and challenges related to their interaction with both other NSA actors (including private sector) and with the government.</p> <p>In other words, it analysed the NSA sector on the premise that NSAs are not isolated organisations but “open systems” which (i) are embedded in a context, (ii) get inputs or resources, and (iii) use their capacity to process these inputs to outputs (products and services).<sup>5</sup></p> <p>During the assessment and identification phase, the Consultants have used the Integrated Organisation Model (IOM)<sup>6</sup> as their reference model. The IOM is based on analysing organisations as open systems, and examines three elements that define organisations: 1) the contextual situation (actors and factors), 2) the external organisational elements (mission, inputs and outputs in the form of products or services) and 3) the internal organisation.</p> <p>NSAs were extensively consulted during the assessment and identification phase. These consultations included :</p> <ul style="list-style-type: none"> <li>● in-depth interviews with key actors from civil society, employer organisations and trade unions;</li> <li>● interviews with representatives from Community Based Organisations (CBOs) during a field visit to three districts in northern Lesotho;</li> <li>● validation meetings with a number of NSAs in Maseru.</li> </ul> <p><i>Source: DDNSP Identification Report, Contract EuropeAid/119860/C/SV/multi, dated 20th December 2009, doc 100720</i></p>
	The DDNSP TAP includes a solid SWAT analysis of NSA in Lesotho. <b>Source:</b> <i>Deepening Decentralisation and NSA Support Programmes (DDNSP) TECHNICAL AND ADMINISTRATIVE PROVISIONS 100720, JULY 2010. PAGE 6</i>
	<p>Lessons can also be learnt from other donor programmes supporting NSAs in Lesotho. The main donor in this respect is IrishAid, which has funded two civil society support programmes since 2004. Main lessons learnt from evaluations of the IrishAid programmes include:</p> <p>[abridged below]</p> <ul style="list-style-type: none"> <li>● Activities focusing on more interaction with local and national government (e.g. budget tracking) strongly depend on government’s willingness and interest to co-operate.</li> <li>● Funded programmes work better when they are aligned to NGOs’ core</li> </ul>

<sup>5</sup> See also the EC concept paper “Institutional development and capacity assessment; why, what and how?”, 2005.

<sup>6</sup> This same model, developed by Management Development Foundation in the Netherlands, is also referenced in the PCM guidelines as the basis for the institutional assessment.



	<p>business objectives.</p> <ul style="list-style-type: none"> <li>• There is potential for more impact when supporting NGOs that work with district and community councils.</li> <li>• Coalitions of INGOs that are encouraged by development partners are not recommended since they result in lack of ownership between NGO partners.</li> <li>• Negotiations and advocacy for open government should be done by all stakeholders including the donors.</li> </ul> <p><i>Source: Deepening Decentralisation and NSA Support Programmes (DDNSP) TECHNICAL AND ADMINISTRATIVE PROVISIONS 100720, JULY 2010. PAGE 9 &amp; 10</i></p>
	<p>The following text gives a good indication of the quality of analysis of CSOs undertaken by the Commission. It demonstrates a high degree of understanding regarding the apparent paradoxes between CSOs who appear well placed to influence policy etc., but limited results:</p> <p>“Almost all CSOs in Lesotho that have a formal legal status are registered under the Societies Act of 1966 or the Cooperatives Act of 2000. This act regulates not only NGOs but also for example political parties. One of the problems with the Societies Act is the fact that it is not clear on the tax status of NGOs. Unlike in many other countries, NGOs in Lesotho do not have automatic tax exemptions status, and it is at the discretion of the tax authority to decide on this.</p> <p>Many smaller CBOs do not have a formal legal status, but are instead registered with the local chiefs or with the district authorities. Whereas this not normally hampers their operation, it would become an issue if an EC NSA support programme intends to target these small CBOs through a grants or loans scheme. Since EC grants do not normally allow for VAT payments, the CBOs need to be supported in obtaining formal registration as well as VAT tax exemption.. [Reclaiming tax]...is a cumbersome process, which the current NSA support programme LGNSP is currently forced to carry out. The problem is compounded by the fact that tax exemption is granted in Maseru only, while most CBOs are based in the rural areas with no means to travel to the capital.</p> <p>Lesotho’s legislative framework creates, on paper, a very conducive environment for involvement of CSOs in national and local development processes. For example, the Vision 2020 document, explicitly mentions the important role of civil society in national development, as well the importance of promoting public-private partnerships for development.</p> <p>In practice however, the influence of civil society on national policy and development is still limited. Whereas most, if not all, CSOs report that they have good working relations with political parties and with government ministries, these are not yet translated into many palpable results. An apparent lack of political will and institutional deficiencies within the GoL continue to hold back a more inclusive and transparent development process in which NSAs can play a formally recognised role in shaping and monitoring national development processes</p> <p><i>DDNSP Identification Report, Contract EuropeAid/119860/C/SV/multi, dated 20<sup>th</sup> December 2009, doc 100720 Page 41/41</i></p>
<b>I 7.1.3</b>	<b>The EU demonstrated a solid understanding of what could and could not be achieved using NSA as the delivery mechanism</b>
Summary findings:	<p><i>The EU has engaged with NSA for many years, and refers to the experiences of working through NSA through the micro-projects programme which started in 1999 in a “delivery mechanism” role. To some extent the Commission has learnt through hard experience that bottom-up approaches, whilst desirable in theory, are difficult to implement in practice and are prone to delays as well as institutional management challenges. Poor initial take up, delays and capacity constraints, especially at local NGO level, highlighted the need for additional capacity building. In 2009 the EU commissioned comprehensive deeds assessments of NSA,</i></p>

	<i>and this deepened understanding of their capabilities and constraints. The current approach is to manage NSA directly from the EUD, focusing principally on institutions with known capacity, and building further capacity building into their ToR, as well as working on service delivery. There is broad recognition by donors and other stakeholders that NSA in Lesotho remain weak, especially with respect to holding Government to account.</i>
	There are some indications that both the EU and its implementing partner UNDP were over-optimistic about what could be achieved with respect to decentralization, especially given the well-established reluctance of the Government of Lesotho to engage in fiscal decentralization. For example whilst community councils have a role to play, the scope for NSA to strengthen these community councils appears to have been limited. <i>Evidence base: discussions with NSA and GIZ]</i>
Summary findings:	<i>The EU has engaged with NSA for many years, and refers to the experiences of working through NSA through the micro-projects programme which started in 1999 in a “delivery mechanism” role. To some extent the Commission has learnt through hard experience that bottom-up approaches, whilst desirable in theory, are difficult to implement in practice and are prone to delays as well as institutional management challenges. Poor initial take up, delays and capacity constraints, especially at local NGO level, highlighted the need for additional capacity building. In 2009 the EU commissioned comprehensive needs assessments of NSA, and this deepened understanding of their capabilities and constraints. The current approach is to manage NSA directly from the EUD, focusing principally on institutions with known capacity, and building further capacity building into their ToR, as well as working on service delivery.</i>
	The EUD in meetings (e.g. MN33) demonstrated a good understanding of the dynamics between the public sector and NSAs, including inhibitors to delivering support through the public sector to NSA.
	<p>The SWOT analysis of NSA included in the FA on <i>Deepening Decentralisation and NSA Support Programme</i> shows a high level of understanding of the strengths and weaknesses of CSOs in Lesotho. This is further supported by the accompanying narrative (extracts included below)</p> <p>The CSO family in Lesotho encompasses a wide range of organisations, from small community based organisations (CBOs) in the rural areas to relatively large NGOs with professional staff in the capital Maseru. The Lesotho Council of NGOs (LCN) is the formal umbrella organisation primarily for CSOs, formed to provide a central platform for coordination, advocacy and representation. Its membership is mostly limited to CSOs based in Maseru, a situation that exemplifies the disconnect between the established CSOs in the capital and the small CSOs in the rural areas. The strong advocacy focus present at national level is largely absent at local level, where CBOs concentrate on HIV/AIDS support, burial societies, savings and loans schemes, agriculture and income generating activities. National CSOs lack the capacity and resources to establish an effective permanent presence in the districts, which hampers the efforts to work together on advocacy and service delivery issues <i>Source: Deepening Decentralisation and NSA Support Programme CRIS 21445 Signed 22<sup>nd</sup> Dec 2011</i></p>
<b>I 7.1.4</b>	<b>Effective NSA coordination processes in place, with solid participation from a full range of NSA (international, national and local actors, including those serving minority and community-based interests).</b>
Summary findings:	<i>The mapping studies undertaken in 2009 provided greater evidence, through formal institutional diagnostic techniques, of the strengths and weaknesses of NSA in Lesotho. Much of the capacity exists with international NGOs with a local presence. By contrast local organisations working at district level, typically lack a presence in Maseru, and can operate in a rather isolated manner. A further constraint has been that decentralization has proceeded very slowly and although from a legislative stance the Government is committed to it, in practice local institutions (including NSA) have not been empowered to a significant degree. There appear to be some tensions between international and local CSOs regarding access to finance, but the depth of this has not been triangulated from reviewed documentation. ROM reports also suggest that there has been some in-fighting in the Lesotho Council of NGOs.</i>

	<i>The Government has been wary of supporting funding of organisations that may be critical of Government actions. The current political situation has heightened the potential for NGO/civil society fragmentation, and to some extent this is evident from the media and website reports.</i>
	NSA coordination processes remain weak in Lesotho, and in practice it suits the Government of Lesotho that this should be the case. However the EUD has made the strategic decision to invest in the Lesotho Council of NGOs in the 2013 call for proposals because this is the umbrella organisation, and because it has good partners (Transformation Resource Centre etc). This has been documented in the evaluation of NSA proposals.
	The 10 <sup>th</sup> EDF Mid-Term Review reports that NSA are regularly consulted, for example using the Technical Cooperation Facility. It illustrates this with the example of an “Informative workshop on Economic Partnership Agreements (EPAs)” organised in November 2008 by the ECD. <i>Source: Mid Term Review of the 10<sup>th</sup> EDF Cooperation, 2009, page 24</i>
	As noted in the Final Evaluation of LGNSP there is still no national legislation to regulate the NSA sector. <i>“This combined with a lack of sustainable funding will continue to undermine the overall institutional capacity of the NSAs to contribute towards national development priorities and good governance. The project did not promote the use of the NSA policy pack as a priority toolkit to participating grantee NSAs”. Final Evaluation of the Local Governance and Non-state Actors Support Programme, page 21</i>
	The DDNSP preparation docs (e.g the TAP) includes a sound analysis of both the strengths and weaknesses of CSOs in Lesotho. It notes a disconnect between urban CSPs and their rural counterparts and observes that the actual influence of civil society on national policy and development is still limited. “An apparent lack of political will and institutional deficiencies within the Government of Lesotho (GoL) continue to hold back a more inclusive and transparent development process in which NSAs can play a formally recognised role in shaping and monitoring national development processes. The problem is further exacerbated by divisions within the CSO movement, in particular with regard to the role of the LCN. The umbrella organisation has suffered from internal strife caused by personal conflicts that pitted members of the Board against executive staff. As a result of the problems, CSOs have more and more taken to ad-hoc collaboration arrangements and setting up parallel networks, largely sidelining the LCN coordination mechanisms” There is also a good analysis in the TAP for DDNSP of the comparative strengths on International NGOs (INGO) compared to national NGOs. Typically they have a more secure mix of funding, better office networks, more stable staffing etc.
	Interviews with a key NSA stakeholder revealed some resentment that a “level playing field” was perceived not to exist between international and local NGOs, with the former better able to respond to calls for proposals and to attract a disproportionate share of available funding. <i>Source MN70.</i>
<b>I 7.1.5</b>	<b>Performance feedback mechanisms were put in place.</b>
<i>Summary findings:</i>	<i>The main programmes (LGNSP and DDNSP) have been criticised for lacking SMART indicators. To some extent this is a product of the lack of good baseline data, the flexible nature of the “call for proposals” tendering process which cannot specify precisely what should be achieved, and the blended objectives of supporting decentralization whilst providing concrete service delivery and/or investing in small scale community schemes. However at a strategic level this is a cause for concern, especially around the issue of <u>sustainability</u>.</i>  <i>Overall the quality of reporting remains variable, based on documents reviewed. This highlights that building the capacity of NSA in Lesotho remains a time-consuming and resource intensive exercise. The EUD now (as of 2014) has a professional staff member, contracted as a Local Agent, but this increase in staffing came after the evaluation period. Arguably too little too late in terms of workload management.</i>
	The quality of reporting seen in relation to the existing NSA has been variable. In part this may be because NDA have been required by the EUD, in its call for

	proposals, to collaborate together and to form the equivalent of syndicates. NSA interviewed as part of the fieldwork, such as Send a Cow, highlighted that this has increased their transaction costs. However overall this should be seen as part of the capacity building process, and is ultimately more desirable than relying on a contractor, as happened under LGNSP, to develop and undertake much of the detailed reporting.
<i>Summary findings:</i>	<i>The main programmes (LGNSP and DDNSP) have been criticised for lacking SMART indicators. To some extent this is a product of the lack of good baseline data, the flexible nature of the “call for proposals” tendering process which cannot specify precisely what should be achieved, and the blended objectives of supporting decentralization whilst providing concrete service delivery and/or investing in small scale community schemes. However at a strategic level this is a cause for concern, especially around the issue of <u>sustainability</u>. If the EU is to find an exit strategy from Lesotho, it needs to know that actions are having a lasting impact.</i>
	There is a need for more evidence of this. Under the LGNSP project careful financial scrutiny is demonstrated (including identification of two cases of fraud), but both it and DDNSP concern was expressed in both ROM reports and the Final Evaluation of the former that performance indicators were not SMART.
<b>JC 7.2 NSAs were able to respond positively to calls for proposals and to deliver on their commitments</b>	
<b>I 7.2.1</b>	<b>Lesotho based NGOs (both international and indigenous) applied for funds</b>
<i>Summary</i>	<i>This has been confirmed through the field visit. Furthermore both international and indigenous NGOs were successful in their applications.</i>
	Based on the report “Call for Proposals Ref 2012/133-501 “Deepening Decentralization & Non-State Actors Evaluation Report Step 2 Full Application Evaluation” there is clear evidence that both international and indigenous NSA applied for funding. There is also evidence of sound competition, although the quality of submissions was variable.
	Under LGNSP, all organisations were eligible for the EU grants. However 43% of the small grants were awarded to chapters of international Charities or international NGOs registered in Lesotho. LGNSP supported 19 National Umbrella Organisations (NUOs) in service delivery (local development) and thematic areas (local governance and dialogue).  This caused some concern as expressed by the Lesotho Council of NGOs that the grant application process does “not create a level playing field”.  Four large LGNSP grants were awarded to four NGOs through direct contracts with the NAO. The grants supported media and public education in local governance and policy advocacy engagement activities.  <i>Sources: MN 70</i>
	Under DDNSP directly managed by EUD, grants have been given to four large CSOs according to the latest ROM report.
<b>I 7.2.2</b>	<b>The number of NGOs applying for funds was such that effective competition for funds was assured</b>
	Under LGNSP, support to HIV/AIDS prevention and mitigation in the Lesotho garment industry was to be in the form of a direct grant for € 500,000 to the Apparel Lesotho Alliance Against AIDS (ALAFA), based on its de fact monopoly status. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme page 16/17</i>
	The precise number has been noted but not reported by the evaluators in case this breaks confidentiality. However it was a two stage process and a good degree of competition was identified.
<b>I 7.2.3</b>	<b>Progress and project completion reports indicate that NSA delivered on their commitments</b>
<i>Summary</i>	<i>Very partial evidence uncovered on this to date. Too much of the information feels anecdotal, in part because of the lack of SMART indicators. This will be followed up in the Fieldwork</i>

	<i>phase. The fieldwork is still not able to confirm the level of performance, due to being Maseru based. Furthermore the availability of documentation in the EUD is sub-optimal. There is no archivist (see response to EQ8) This is a strategic level evaluation, but despite this it is disappointing not to have been able to report more comprehensively on whether commitments have been met.</i>
	An ALAFA Final report should be available shortly (December 2014). However this is being prepared by the CEO as a lesson-learning exercise and does not represent a formal independent evaluation. GIZ has expressed dissatisfaction with the quality of reporting by the EUD with respect to its grant administered by the EUD. UNDP reporting on the Decentralization Programme to EUD appears to have been weak to date.
	Also much of the final evaluation of LGNSP concerned activities undertaken under contract by the PIU rather than actually delivered by NSA. The distinction is not always clear in the evaluation e.g. “Capacity development support was provided to Community Councils and CBOs based on the earlier TDNA study. The key activities included the development of curricula and training materials, direct training, mentoring and on-the-job training. The deployment of 43 Community Development Workers (CDW) provided support for Community Councils monitoring and reporting on the various small grants.  “Several publications were finalized (LGNSP Mainstreaming and Gender Handbook, LGNSP NSA manual) and training took place for Community Councils and NSAs in the three districts on budgeting, project development, financial management and proposal writing. The organizations visited during the field mission indicated that they had benefitted from LGNSP training and they felt that it had increased their competences in project management, financial management, monitoring and procurement. The plans produced by LGNSP could not be located in a number of offices, and they are not being used for planning or budgeting”. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme</i>
<b>I 7.2.4</b>	<b>Impartial stakeholders noted the increasing effectiveness of NSA</b>
<i>Summary</i>	<i>Data not available based on site searches of World Bank, Irish Aid and UN websites. Overall this is impossible to confirm. However it appears likely that without EU support NSA would have been weaker than they are.</i>
	Interviews with Irish Aid, the World Bank, AfDB all indicated that these stakeholders felt that NSA were insufficiently strong to hold the Government to account. It is difficult to confirm empirically whether NSA have become increasingly effective, because these were opinions based on a few years (at best) experience. However even stakeholders in the sector, such as the Transformation Resource Centre, were doubtful that major increases in capacity have occurred.
<b>JC 7.3 Support for NSA by the EU contributed to improved public sector governance and democratic accountability</b>	
<b>I 7.3.1</b>	<b>EU support helped NSA play a successful role in “third party monitoring”, with evidence of reports published and media plurality</b>
<i>Summary</i>	<i>This evaluation is being undertaken at a time of political uncertainty. Whilst the media has been relatively free, it is difficult from the documentation available to draw a direct link between EU support and this comparative freedom. The EU has supported areas where progress has been made, including human rights legislation, and third party monitoring has contributed to a degree of momentum. However stakeholders, including parliamentarians, remained sceptical about public sector accountability.</i>
	There is evidence of media plurality, and the written media has played a role in highlighting in-fighting between political factions. However stakeholders interviewed noted that there was very little momentum to reform the public service or to hold it to account regarding service delivery
	LGNSP included a large grant facility, which supported the Catholic Commission for Justice and Peace (CCJP) Parliamentary Partnerships. The

	<p>stakeholders that participated in public events and trainings including the MoLGC, UNFPA, Lesotho Council of NGOs (LCN), local government officials and civil society.</p> <p>The Strategic Litigation Fund enabled the Female Institute of Democratic Attorneys (FIDA) to enlist the trial of two litigation cases through the courts to create precedence on the protection of vulnerable people. Women and Law in Southern Africa (WILSA) extensively lobbied parliament for the adoption of amendments to the Marriages Act and creating awareness on the Legal Capacity of Married Persons Act of 2009. All three NUOs contributed to the constitutional amendments to the LG Act of 2011, on the political representation of women Councillors in Local Councils, which enabled the local government elections.</p> <p>The LGNSP picture at local level is less clear, with the Final Evaluation noting that critical actions envisaged in the thematic grants such as dissemination through public gatherings and follow-up with the communities (final beneficiaries) were not always undertaken due to delays in receiving funds, weather conditions, and Local Government election campaigns. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme page 25.</i></p> <p>However LGNSP contributed to strengthening mechanisms and capacity for multi-stakeholder dialogue, dispute resolution, and consensus building with traditional leadership at community and district levels, although downward public accountability was not enhanced.. In some communities there is an increased level of understanding of respective roles and responsibilities of the role of Local Government, traditional leaders and community representatives. Awareness on human rights and equality laws protecting property rights of women and vulnerable people affected by HIV/AIDS has also increased, although this cannot only be attributed to LGNSP interventions. The planned multi-level stakeholder's forums were not established. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme page 26.</i></p>
	<p>The LCN website indicates attempts at holding GoL to account, but there does not appear to be a very mature process of budget monitoring. <i>Source: www.lcn.org.ls</i></p>
<b>7.3.2</b>	<b>Support for NSA helped the population of Lesotho to hold the executive to account for its actions.</b>
<i>Summary</i>	<i>The evidence for this is rather patchy and partial.</i>
	<p>There is little evidence that community parliaments and similar efforts at bottom-up accountability have achieved their objectives, although they may have assisted in raising awareness. Many stakeholders interviewed in Maseru remain convinced that Government accountability remains very low, that corruption, patronage and self-serving priorities dominate decision taking processes, and no effective reform agenda is underway. It therefore follows that the effectiveness of support to NSA holding the Government to account has been limited.</p>
	<p>The EU has supported the Lesotho Council of NGOs (LSN); in part through DDNSP and a programme entitled Public Participation &amp; NSA Capacity Building for Development (PuPNAC). It has also been a contributor to the COTONOU project, and has a web-page devoted to this (although information, as of October 2014) is out of date).</p> <p>A review of the website reveals that the LSN is attempting to adopt a role of conciliation and dialogue with respect to recent (2014) political uncertainties. It includes one powerpoint commenting on the 2014/15 budget and requesting feedback from members. However the website also indicates that in a number of areas reporting is out of date with respect to activities. From the website alone it is not clear that LSN is fulfilling its full potential with respect to holding</p>

	<p>the executive to account for its actions.  <i>Source: www.lcn.org.ls</i></p>
<b>7.3.3</b>	<b>EU support played a positive role in strengthening NSA oversight of public sector budgets and as a result of this, expenditure management improved during the evaluation period</b>
<i>Summary</i>	<i>The Lesotho Council of NGOs and its members have sought to comment on the budget. However as demonstrated in the answers to other EQs the budget is not executed as approved, and PFM standards are low. The PEFA results show a general deterioration in standards of accountability. NSA oversight is insufficiently strong to prevent this deterioration.</i>
	LGNSP supported preparation of tripartite guidelines to support a structural forum for GoL and National Umbrella Organisation (NUO) dialogue on economic policy is now in place. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme page 11.</i>
	The UNDP Consolidation of democracy and Good Governance programme together with SLJS organized a successful National Dialogue on Corruption conference in July 2013. <i>Source: Strengthening the Lesotho Justice Sector ROM ID 021-545 ROM 1918168 Douglas McLure, 15<sup>th</sup> Nov 2013</i>
<b>7.3.4</b>	<b>EU support build the capacity of NSA in key areas such as the justice sector and in the support of decentralization</b>
<i>Summary</i>	<i>A patchy picture emerges. Under justice the main focus has been on the organs of justice rather than non-state actors. However progress with the Human Rights bill demonstrates significant progress. Decentralization, as noted above, has been very slow, and there is limited evidence of capacity built to date. Decentralization legislation has been passed, which is a step forward, and the Ministry of Local Government is advocating strongly for decentralization. However the picture is much less clear in line Ministries, with a notable reluctance to endorse fiscal decentralization which would result in a loss of effective control over funding by line Ministries. Until the elections considerable uncertainties remain,</i>
	<p>The Transformation Resource Centre has received support for advocacy and Public education on Human Rights from the EU. The Project started in 2012 and was planned to come to end in 2013. However, the project actually ended in June 2014. Around Euro 250 000.00 was allocated for this project by the EUD.</p> <p>As part of program deliverables, TRC mobilised and educate communities on Human rights and supported the establishment of Human rights Commission in Lesotho. Key project activities included lobbying and advocacy for the establishment of Human Rights Commission and these efforts have resulted in the amendment of the constitution to facilitate the establishment of Human Rights Commission. The Human rights Bill has been drafted and being lobbied for Enactment. As part of the process TRC engaged a team of Lawyers and Human rights activists to ensure that the Bill is comprehensive and appropriate.</p>
	<p>Progress with the decentralization programme has been disappointing. The EU engaged UNDP to manage this programme on its behalf. GIZ has also been supporting the process, which reflected legislation past in 1997 (i.e. some 17 years ago. GIZ is pulling out at the end of 2015, although this is partly for strategic reasons (Lesotho is to be a Category C i.e. a low priority country, only receiving some support under regional programmes). None the less GIZ has been supporting the sector for 10 years and should be well placed as a competent observer. The World Bank pulled out some years ago, and as GIZ noted “neither GIZ or UNDP are fiscal decentralization experts”. Indeed the UNDP project manager was unable to answer even basic questions posed by the evaluator (e.g. what transfers had taken place and when?). It is understood that he is in the process of resigning his post.</p> <p>The UNDP team initially said it was too busy to meet the team. The team appeared evasive and/or ill-informed when answering questions.</p> <p>Whilst it was not possible to meet the UNDP’s PFM specialist, who was out of the country, there are significant causes of concern. EU funds are currently stuck in Treasury (€1.2m); risks are high (this is a sort of budget support by the</p>

	<p>back door, relying on national systems for accountability). Reporting has been weak to date. There have been vague mentions of requesting audit reports in later years but not in the first year, whilst acknowledging that the Government's audit processes are weak at lower levels of Government. The programme has been poorly integrated with the EUs broader budget support programmes (for example the EU's PFM TA in the Ministry of Finance was unaware of the programme). Finally the forthcoming withdrawal of GIZ leaves cthe programme even less open to scrutiny. There is a suggestion that the IMF's technical assistance center, bases in Mauritius might engage, but this has not been confirmed, and no decision is anticipated ahead of the elections.</p> <p><b>Overall this is an unsatisfactory state of affairs, and justifies additional management scrutiny by the EUD.</b></p>
	<p>Target groups of the Strengthening the Lesotho Justice Sector Project (SMJS) include the Police Service and related Court Services; the Ministry of Law and Constitutional Affairs; the Magistrates Courts; the Ministry of Justice; the Law Society; the High Court; the Directorate on Corruption and Criminal Offenses and the Ombudsman. Therefore the project is not directly targeting NSA, although of course it is very important from a civil society perspective. As the ROM report notes: "the project involves the complete justice sector either directly or indirectly".</p> <p>There has been little interaction, at the time of the first ROM report (November 2013) with a parallel EU project Deepening Decentralization and Non State Actors programme. The ROM report observes that this is most probably is because of time constraints. . <i>Source: Strengthening the Lesotho Justice Sector ROM ID 021-545 ROM 1918168 Douglas McLure, 15<sup>th</sup> Nov 2013</i></p>
	<p>The Final Evaluation of LGNSP found that: "It seems unlikely given the resources available to the district and community councils and the level of decentralization of functions so far achieved, that the LGNSP will have had any significant impact in terms of developing a demand driven approach to local development and decentralized service delivery. Whilst the councils acknowledge the support provided by the programme they seem not to have changed the way they function in terms of planning and budgeting". <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme page 11.</i></p>
	<p>"There has been debate for many years in Lesotho over an effective decentralization process. Since 2000 support has come from external sources including the Word Bank, Dfid, EU and GIZ none of which has produced conclusive results. Indeed a recent diagnostic analysis (October 2013) indicates that little has been achieved apart from indications on how to proceed in future".</p> <p><i>Source: Deepening Decentralisation and NSA Support Programme ROM ID 283 – 774 ROM1921435 15<sup>th</sup> Nov 2013 Page 1</i></p>
<p><b>JC 7.4 Support for NSA by the EU contributed to strengthened pro-poor service delivery, thereby contributing to EU's 10<sup>th</sup> EDF CSP goals and objectives.</b></p>	
<p><b>I 7.4.1</b></p>	<p><b>Evidence of improved service delivery in prioritized areas</b></p>
<p><i>Summary</i></p>	<p><i>There is evidence of improved service provision, e.g. with more and better local water provision, and better HIV/AIDS treatment in apparel factories. However it is not clear that the capacity building effort was sufficiently embedded in community structures to create a sustainable impact. This is reinforced by the Alafa experience summarized below.</i></p>
	<p>At the time of the field visit (November 2014) the Alafa programme to support garment workers affected by HIV/AIDS was in the process of being closed down. However a skype interview was undertaken with the former Alafa CEO as well as a prominent private sector Garment Factory CEO.</p> <p>Alafa was established, initially with DFID support, to provide treatment etc</p>



	<p>for HIV positive garment workers (an estimated 43% of the total workforce). The model was that the ARVs would be provided by the Golbal Fund etc (e.g. those funding supplies through the private sector, medical staff, including private doctors would be provided by the programme and the clinics and time off would be provided by the factories.</p> <p>It was intended that the private sector would ultimately take over responsibility, and indeed it was established as a public-private enterprise. However in practice the response from the private sector has been very uneven, and although some, predominantly South African companies have been supportive (Springfield is cited as a good model), the response from the Asian companies has typically been disappointing. This may be partly explained by their need to refer to head offices for any measures that are involve financial outlays.</p> <p>The EUD tried very hard to ensure Alafa's survival, with the former EU Ambassador engaging actively with the Government of Lesotho at the highest levels, and assurances being given by the Minister of Finance that the GoL would step in to continue funding. In reality this has not occurred, an instance of broken promises.</p> <p>In June 2014 the Ministry of Health held a workshop claiming that the Elizabeth Glaiser Paediatric AIDS Foundation (EGPAF) would play a key role in continuing the work, but needed donor funding to do so. However this possible route has not been independently verified since, and there are doubts that this (which would be outside the core mandate of EGPAF to date) will reach fruition.</p> <p>In summary, at the time of report preparation, serious doubts remain regarding the sustainability of the service.</p>
	<p>At an overall level, the higher-level indicators are not very encouraging to date: As reported in the November 2013 ROM for the Deepening Decentralisation and NSA Support Programme (DDNSAP) the logic is that as Lesotho looks increasingly unlikely to reach all Millennium Development Goals (MDGs) by 2015, Government is now faced with increasing demands to alleviate poverty reduction and is looking to an active policy of decentralization to help it to reach its goals. Thus the intervention is intended to improve delivery of a more intensive development programme. As a parallel result democracy at grass root level will be strengthened.</p> <p><i>Source: Deepening Decentralisation and NSA Support Programme ROM ID 283 – 774 ROM1921435 15<sup>th</sup> Nov 2013</i></p>
	<p>The indicator in the FA of LGNSP relating to the achievement of the overall objective relate to socio-economic and poverty indicators which were not specified and for which there is no baseline data. It would also be impossible to attribute any changes to such indicators to the programme. There was no overall objective indicator relating to the overall objective of mitigating the further spread of AIDS.</p> <p><i>Source: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 11</i></p> <p>LGNSP contributed to enhancing the capacity of Local Community Councils (CC) and CBOs in the three selected districts for participatory planning, budgeting and monitoring. However, the CC's are not implementing the plans as they lack adequate resources, and they continue to prepare their annual budgets in the same way and format as in the past. Local CBOs reported improved skills to prepare, implement and monitor small projects.</p>

	<p>LGNSP made a significant contribution to identify training needs of Community Councils through Training Needs Development Assessments and Workplace Skills Development Plans in the three districts. They enhanced the skills of members of the Capacity Development Task Teams (CDTT), but these skills were not utilised as the plans were not implemented and the CDTTs ceased to function.</p> <p>LGNSP made a contribution to strengthen the capacity of National and Umbrella Organisations (NUO) for engagement in local development and governance and in advocacy strengthened. The project enabled NUOs to engage with communities in small projects in the areas of governance, women's rights, fight against HIV/AIDS and natural resources management. Umbrella organisations were supported with Organisational Development initiatives and defining strategies and implementation of activities aimed at supporting affiliated organisations at district levels.</p> <p><i>Source for above three paras: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 36</i></p> <p>It seems unlikely given the resources available to the district and community councils and the level of decentralization of functions so far achieved, that the LGNSP will have had any significant impact in terms of developing a demand driven approach to local development and decentralized service delivery. Whilst the councils acknowledge the support provided by the programme they seem not to have changed the way they function in terms of planning and budgeting. The recent government decision to reduce the number of community councils in the country has not been fully operationalised. This will likely have an adverse effect on the use of project results (developed plans) and prospects for a positive impact of the project. <i>Source: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 11</i></p> <p>By contrast the evaluation of LGNSP argues that the programme will have had a positive impact on mitigating the effects of HIV/AIDS in the textile industry through the ALAFA grant. The medical monitoring system enables the adherence officer at each factory to track each patient's vital statistics. It also allows defaulters to be tracked, traced and provided with counselling in order for them to resume treatment. <i>Source: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 11</i></p>
	<p>The final evaluation of LGNSP in 2011 verified that the quality of the water facilities constructed using the grants appeared to be good quality (supervised by RWS and constructed by local contractors), and there is no doubt they have made a contribution to increasing safe water supply for the communities.</p> <p>The quality and value of some of the other infrastructure provided for by the grants appeared to be of poorer quality. The field mission visited Morifi Clinic which had been constructed by a grant to the Lipelaneng CC. The grant constructed a building that was supposed to serve as a clinic. However, it is currently unutilised and has not made any contribution to its anticipated result. The building is of extremely poor quality and cannot justify its cost of M110,000. The exterior walls were cracked and the interior walls were constructed of what appeared to be left over chipboard. However, the Department of Buildings issued a certificate of completion despite the construction problems.</p> <p>The small grants, of which 104 were given, targeted cross-cutting themes like gender, HIV/AIDS, environment and the core business of the LGNSP to enhance knowledge, skills and understanding of local governance processes. During implementation level there seemed to have been a good level of cooperation between the grantees (CCs and NSAs) and other institutions and</p>

	<p>organizations in the district. These included Rural Water Supply (RWS), agricultural extension, Ministry of Health, Ministry of Justice, etc.</p> <p><i>Sources for the above: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 36</i></p>
	<p>Four NSAs have now signed contracts with a total value of €3,089,635 with the EU delegation to complement the DDNSP programme. Implementation will start at the end of 2013, i.e. after the end of the evaluation period. Broadly speaking these NSAs will build the capacity of local NGOs, promote inclusion of people with disabilities and engage in constructive engagement with local government. Geographically their areas of activity cover most of Lesotho. They are:</p> <ul style="list-style-type: none"> <li>• Lesotho National Federation of the Organization of the Disabled</li> <li>• Send a Cow Lesotho</li> <li>• Lesotho Council of NGOs</li> <li>• Catholic Commission for Justice and Peace</li> </ul> <p><i>Source: Deepening Decentralisation and NSA Support Programme ROM ID 283 – 774 ROM1921435 15<sup>th</sup> Nov 2013</i></p> <p>Given the recent start-up of these activities reporting evidence is scarce although the direction of travel can be reviewed in the fieldwork phase</p>
<b>I 7.4.2</b>	<b>Evidence that support was provided efficiently</b>
<i>Summary</i>	<p><i>The model of contracting out management used in LSNSP was reviewed and revised under DDNSP, with the EUD deciding to take management back in-house (i.e. contracting service providers directly rather than contracting a firm to administer programme). There is evidence that contracting to a third party may have contributed to delays, and the EUD reports that it is still trying to finalise matters in relation to closure of the service provider contract under LSNSP. However more fundamental issues of programme design may have been contributory causes to the loss of efficiency. Some lessons were undoubtedly learned for the follow-on DDNSP programme and the programme design may have been strengthened, thereby assisting efficiency implementation. However this is unproven from existing documentation.</i></p> <p><i>The fieldwork phase revealed that the EUD is generally managing its relationship with NSA efficiently, despite having a very high overload work-wise. Very recently (e.g. in 2014) the EUD has benefitted from recruitment of an additional Local Agent to strengthen management of the NSA programme. However this comes after the evaluation period. The concern is that the EU may be spreading itself too thinly in terms of its local staffing, and this means that some difficult, complex areas such as decentralization, have not had the range of skills (including fiduciary risk management/PFM skills) that they deserve.</i></p>
	<p>Under LSNSP there were delays in finalising and approving a number of documents, which were due to differing interpretations of the rules applicable to PE's and Calls for Proposals. These misunderstandings resulted in the PE to finance the large grants only being approved in February 2010, almost 18 months after the start of the contract. The programme activities were also adversely affected by delays in the submission and processing of replenishment requests.</p> <p>The final evaluation queried the skills mix and whether the ToR of the project management team was appropriate. It also noted a relatively high staff turnover especially within the Roaming Team which <i>“is likely to have affected the quality of the service.....”</i></p> <p>Of particular concern was that the management of the programme was adversely affected by the fact that the Programme Steering Committee was never convened during the life of the programme. The Programme Coordination Committee (PCC) which was to reinforce coordination between the three programmes supported by EU (LGNP), GTZ (DRDP) and UNDP (LLDP) was also never convened. However, there were regular monthly</p>

	<p>decentralisation coordination meetings convened between the EU, GIZ and UNDP.</p> <p>The programme never undertook a mid- term review which would have highlighted the extent to which the project was achieving its planned results and which would have allowed for a redirection of activities away from those areas where the results were not being achieved or were unlikely to contribute to the programme purpose.</p> <p>The FA states that it was essential for the PMU to develop and use an internal monitoring system. ....The PMU closely monitored the implementation of all the small grants to ensure that the principles of sound financial management were adhered to. Both pre and post audit recovery orders were issued for all items of expenditure considered to be ineligible, and all the small grants were audited. Out of the 103 small grants awarded only 18 did not have any ineligible expenditure. All except 4 of the grantees repaid the amounts in the recovery orders. There were 2 grantees where the auditors discovered fraud [which was investigated by the police], and two cases of very poor financial management. Whilst the grants were closely monitored, there was no system for the qualitative monitoring or reviewing of the Progress Reports, Service Contracts, PE's or the TA contract. <i>Source: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 10-11</i></p>
	<p>The 10<sup>th</sup> EDF Mid-Term Review notes that the PMU established to implement the 9<sup>th</sup> EDF Local Governance &amp; Non-State Actors Support programme (which was launched in September 2008) was established with some delay caused by controversial issue of conflict of interests during the tendering procedure. <i>Source: Mid Term Review of the 10<sup>th</sup> EDF Cooperation, 2009, page 21</i></p> <p>As noted in its Final Evaluation report the LGNSP Financing Agreement do not contain any assessment of the institutional or management capacities and needs of the District and Community Councils in terms of staffing levels, office facilities, transportation and finance, or the extent to which functions had actually been decentralized. Neither does it contain any justification as to why the programme was to be implemented by private indirect decentralized operation on behalf of the NAO, rather than by the MoLG. This choice of implementation modalities, with an external PMU that did not report to the MoLG was a main factor contributing to the MoLG being uninvolved in the implementation of the Programme. (page 9) An alternative to having a single programme combining decentralized capacity building initiative with small scale community development initiatives, would have been to have one programme dealing with decentralization at MoLG and another dealing with small scale community projects at the office of the NAO. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 15.</i></p> <p>The Final Evaluation report also observes that Logical Framework (LF) in the Financing Agreement (FA) does not provide an appropriate vertical logic as the purpose reiterates the results relating to strengthening local capacity and reinforcing interactions between state, non-state actors and local government. Many of the result indicators included in the LF are not specific, measurable or time bound. Similarly the indicators relating to the purpose are not specified, as they refer to number of community projects and number of meetings without stipulating how many in any particular period. The measurement of impact is through an improvement in socio-economic and poverty indicators, although no details are provided as to which indicators should improve or by how much. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract pages 8 &amp; 9.</i></p> <p>Management costs were 40% of the total programme budget (excluding the ALAFA grant). The Final evaluation report observes that <i>“Despite the relative complexity of the programme this would seem a disproportionate amount budgeted for</i></p>

	<i>management". Final Evaluation of the Local Governance and Non-state Actors Support Programme (page 17)</i>
	<p>Grantees indicated several operational challenges such as inadequate understanding of EU grant rules and regulations, especially concerning issues of VAT and other taxes. The learning structure of the project could have been strengthened by project visits by the grant beneficiaries within districts or between districts.</p> <p><i>Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 25</i></p>
<b>I 7.4.3</b>	<b>Evidence that the poor, including those facing particular disadvantages (e.g. the elderly, those with disabilities etc.) benefitted from the support provided</b>
Summary	<i>It is important to note that the EU is also supporting OVCs and that support has not been covered under this EQ. Generally the lack of SMART indicators mean that it is difficult to work out who have been the main beneficiaries of the support to NSA. Some of the NGOs, such as Send a Cow, certainly have a track record in supporting the poor, and this would also be true of ALAFA support to garment industry workers, who are on very low wages. However the systems and reporting mechanisms lack sufficient granularity to report on beneficiaries by income. The EU is supporting a CSO which assists the disabled, under the DDNSP. It should be noted that this indicator does not explicitly refer to those with HIV/AIDS</i>
	<p>The EU is funding a CSO that is supporting the disabled in Lesotho, under the DDNSP programme.</p> <p>It is of note that this indicator does not focus on those with HIV, and this may be an unfortunate omission, given the very high rate of HIV/AIDS in Lesotho (reported to be the second highest incidence in the world).</p> <p>As answered in the social protection EQ, it would have been possible that the EU might have done more for the elderly under social protection. However it is also noted that old age pensions (paid at the age of 70 years and going to some 80,000 citizens at present) are paid by the Ministry of Finance and not the Ministry of Social Development, which is the main interlocutor for the social protection initiative.</p>
	<i>The overall objective of the LGNSP programme is to promote the adoption of interventions, programmes and policies more responsive to the needs of the vulnerable rural populations, so as to reduce poverty and mitigate the further spread of the HIV/AIDS pandemic. The purpose has been to enhance local government authorities role and capacity for greater involvement in the development process and reinforce dialogue and cooperation between state actors, local governments and non state actors at all levels of the decision making process in the context of decentralisation. Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 8</i>
	<p>ALAFA, supported under LGNSP, does not have data on HIV prevalence rates within the industry although it is certain that its prevention activities will have reduced rate of new infections. In to11, when the final evaluation of LGNSP was prepared, there were 7,757 active ALAFA registered patients 2,209 who are receiving ARV treatment, and a total of 358 TB patients have completed treatment. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract page 10.</i></p> <p>The former CEO of ALAFA advised that the HIV positive rate for garment workers was in the order of 43%</p> <p>Average wages of garment workers reported to be very low – around 900 Miloti <i>source interview MN301</i></p> <p>NB: Since ALAFA does receive funding from other sources [although it faces</p>

	budget constraints] not all of these can be attributed to the EU support.
<b>I 7.4.4</b>	<b>Evidence that delivery systems for NSA service delivery were strengthened and became more resilient, and that these NSA did not become over-dependent on the EU as a source of funding.</b>
<i>Summary</i>	<i>There is surprisingly little evidence on whether NSA were themselves strengthened by the support (or conversely became over-dependant on EU funding), and the literature reviewed is not clear on this. Further examination of this issue is needed as part of the field visit.</i>
	<p>This was not comprehensively surveyed but Send A Cow reported that its agreement with the EU specifies that the EU will fund 90% and the CSO must fund 10% (which largely comes from UK based donors). Across its whole programme it is at least 70% dependent on the EU in Lesotho which suggests that it could struggle to survive in Lesotho should it not win further grants. This is a vulnerability.</p> <p>Transformation Resource Centre cited a broader range of sources of funding.</p> <p>Alafa was dependent on EU funding (together with funding from GIZ though EU) towards the end.</p>
	<p>The final evaluation of LGNSP concludes that support to the districts has not contributed to them improving the planning, monitoring and deliver capacity building services to Community Councils (CC's) or the communities, as they remain severely constrained both financially and institutionally. However it states that LGNSP made a significant contribution to identify training needs of Community Councils through Training Needs Development Assessments and Workplace Skills Development Plans in target districts. They enhanced the skills of members of the Capacity Development Task Teams (CDTT), but these skills were not utilised as the plans were not implemented and the CDTT's ceased to function.</p> <p>The Final evaluation also found that District Councils were not involved in the supervision and monitoring of LGNSP capacity building activities because this was undertaken by Community Development Workers (CDWs) and the Roaming Team, set up as part of the project, who reported directly to the LGNSP PMU. The District Councils were not structurally involved in the supervision and monitoring of LGNSP capacity building activities because the selected option of Roaming Team and CDWs reporting to the LGNSP excluded DCs and technical departments. <i>Final Evaluation of the Local Governance and Non-state Actors Support Programme, page 20</i></p>
<b>Information sources</b>	
<p>Documents analysing the role of NSA in Lesotho (both by the EU and from other sources)</p> <p>Reports of responses to calls for proposals</p> <p>Sector reviews, TA reports, M&amp;E reports</p> <p>Interviews</p>	
<b>Analytical methods</b>	
<p>Documentary analysis</p> <p>Interviews</p> <p>Selected visits to NSA supported projects</p> <p>Possibly a mini-workshop involving NSA that have been programme beneficiaries.</p>	

**EQ8 Management of the Programme**

**To what extent was support by the EU to Lesotho timely, predictable and delivered in a cost-effective manner?**

**Level**

Efficiency

The EQ concerns the links between the input and output levels.

**Justification and scope of the EQ**

The EU Delegation in Lesotho is one of the smallest in Africa and has shared its Ambassador and Finance & Administration unit with Swaziland. It is therefore important to assess whether it had the capability and resources to administer a programme of this size, especially over a period in which the EU was decentralizing many responsibilities from Brussels to delegations. The consequence of sharing some tasks related to another country (Swaziland) is also relevant to consider. The issue is approached from the following angles:

- (i) the human resource constraint (JC 8.1)
- (ii) the change represented by the creation of the EEAS (JC8.2)
- (iii) the effects upon the EUD's capacity to undertake policy dialogue and to improve EU visibility (JC8.3); and,
- (iv) the EUD's learning strategy (JC 8.4).

Preliminary Judgment criteria and indicators

**Judgement criteria (JC)****Indicators (I)**

**JC 8.1 The human resources available in Brussels and in the Lesotho Delegation were appropriate, given the mix of instruments and the range of focal and non-focal sectors**

**Additional data on disbursements**

See Volume 2 Annex 3

**Additional information regarding predictability**

Respondent worked in aid coordination before [office of NAO] so has some views. EU has predictability, helps for Govt planning; presence here it helps a lot for monitoring projects and following up: things need to happen and we need to see some progress. NAO for the monitoring of the projects: have quarterly meetings or monthly progress meetings it enables us to identify problems early. Anticipate in the projects and service contacts. Monitoring on implementation versus planning. Source MN 44

Summary answer

A dichotomy is apparent in assessing management capability to manage the programme. It is evident that engagement in the EUD that staff have been under pressure from the high workload and challenging circumstances of engagement with the GoL, civil society etc. EUD staffing numbers have been and remain modest and in the past the poor staffing situation was exacerbated by lengthy EUD post vacancies and in the case of one staff member an extended period of sickness. However there has been some recent improvement with the recruitment of two Local Agents with expertise in key areas (water and NSA). The situation is exacerbated by the withdrawal of the last member state mission (Ireland) and the post-Lisbon Treaty establishment of EEAS, which means that the EUD has unique representational responsibilities on behalf of Member States.

A contrasting picture regarding EUD staffing emerges from reviewing norms based on Brussels human resources establishment planning mechanisms. These appear to be sophisticated and to be based on well-quantified and clearly thought through examination of country variables including the portfolio mix, contract numbers, type and values, and loadings to reflect national challenges and capacity. On the basis of this analysis according to the outcome of the workload assessment prepared as part of the PROXIMUS resourcing model the Lesotho DEL is currently overstaffed as both the number of contracts per OPS staff and the number of contracts per FCA staff is lower in Lesotho than the worldwide baseline. The analysis seeks to adapt staffing to workload taking account of the fact that the 11<sup>th</sup> EDF allocation has been increased by 9% whilst the staffing

norms have been reduced by 10%.

Brussels anticipates the number of live contracts managed by the EUD will fall in the coming years. One key point is that framework contracts have been widely used in Lesotho representing a high 36% of all contracts. They represent considerable management effort but modest financial disbursements of only 2% of total spend. So from a disbursement efficiency perspective they represent very poor value in terms of workload/€disbursed. However technical assistance (whether or not provided through framework contracts) does have an important role to play in Lesotho due to the limited capacity of Government despite its predominance over the private sector. Furthermore programming of the 11<sup>th</sup> EDF continues to have a very sizeable TA budget, especially for governance, and for this to be fully effective, it must be well managed, which will require adequate EUD resources.

The circumstances of Lesotho are unusual. Member States are positive about the contribution that the EUD can make, and its presence is welcome. Therefore it has something of a flagship role for EEAS, without the potential for competition that can occur in other countries. However this high profile role creates considerable workload challenges for the EUD. For example at the beginning of December 2014 15 Ambassadors and Heads of Mission from Member States visited, predominantly from Pretoria, and the EUD took responsibility for the programme and associated logistics. This is important, at a crucial juncture for Lesotho's fragile democracy, and following an "alleged attempted coup" [as it is formally described in Government of Lesotho pronouncements], and it is essential that the EU should speak with a single, well-briefed and carefully articulated voice. All the evidence from fragile states suggests that it supports better outcomes to intervene early in order to promote good governance and democracy. In short prevention is better than cure. Yet organising effective support through steps such as joint in-country meetings is resource intensive and requires well-honed diplomatic and logistics skills. Whilst the EUD certainly benefits from the former, the absence of a political officer is a constraint and the limited number of support staff has the potential to impact on logistics capacity.

As noted elsewhere in this evaluation, Lesotho is surrounded by South Africa and so the regional dimension is especially important in terms of its development and political engagement with SADC and with South Africa. If the EU is to add value to this relationship it needs adequate resources for effective dialogue with a range of stakeholders outside Lesotho itself. The practicality of this is inevitably undermined by resourcing constraints in the Lesotho EUD, as well as, potentially, the Delegations in Pretoria, Gaborone and Windhoek.

One countervailing factor that inhibits capacity is the legal limitations on the extent to which EDF staff can work on EEAS matters and *vice versa*. This has been set at 20% and reflects the different funding sources for political and development assistance budgets. Whilst the logic of the limitation is understandable, it acts as an inhibitor in a context such as Lesotho given the small size of the EUD. Furthermore Lesotho is not significant to European member states from a commercial perspective, so the focus of engagement regarding political matters logically relates to issues that are also important from a development effectiveness perspective such as good governance, accountability and pro-poor policies and service delivery. One apparent solution could be for the 20% cap on cross-working to be applied at a global level, but not at a country level. This would enhance flexibility and efficiency.

The workload mix should drive the staffing mix but this has not always been apparent. One of the reasons (but only one) for pulling out of the transport sector was that the EUD was inadequately staffed to engage successfully in both the water and transport infrastructure sectors. Yet the 11<sup>th</sup> EDF includes energy as a focal sector but at EUD levels there is no energy specialist nor plans at

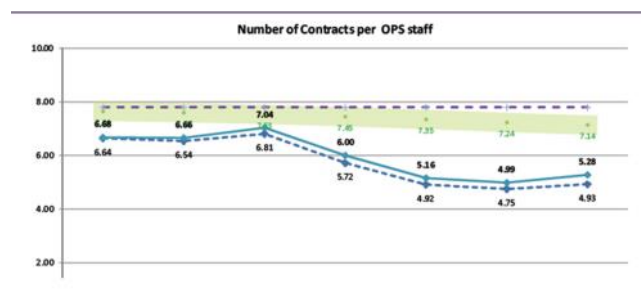
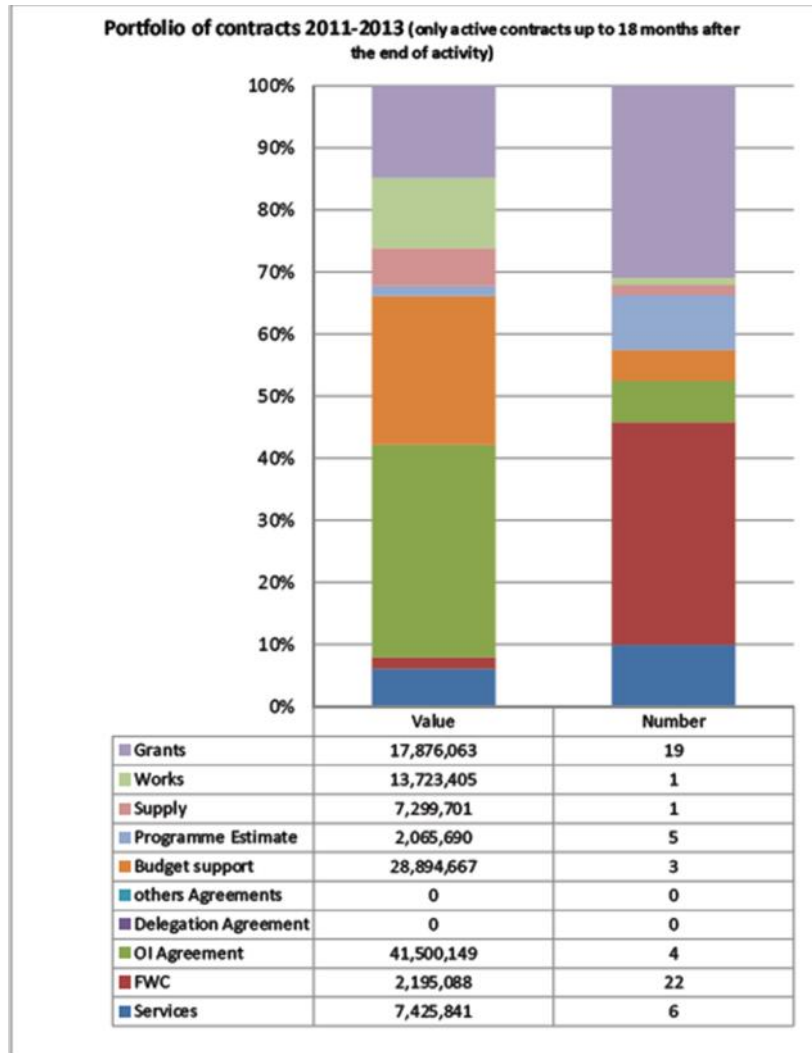


	<p>present to recruit one.</p> <p>EUD management would be easier if Brussels reporting requirements were streamlined. Although not unique to Lesotho, a common concern has been that frequent requests for information which involve a degree of duplication and overlap are made by different departments in Brussels. Requests are frequently made at short notice, making workload planning more challenging. Inefficiencies also occur at EUD level, and institutional memory is variable (and disproportionately held by the longer serving local staff members). Document management is not very good, making it difficult to trace how and why decisions were made. For illustration the current staff are not clear how energy came to be selected as a focal sector.</p> <p>In terms of staff seniority and appropriateness for purpose, there are indications that improvements have taken place. Both EUD and Brussels capabilities have strengthened as familiarity with instruments (especially regarding budget support) has improved. However there are some significant caveats to this. The EUD is not properly staffed to address PFM issues, and since PFM is so weak in Lesotho (as evidenced by the change in preferred instruments between EDF programmes, poor PEFA scores and evidence that IFMIS checks and balances are not functioning effectively), the EU is overly dependent on advice from framework contractor consultants. This is not compatible with a sustained policy dialogue with the Government on PFM issues. The absence of a political officer is also a shortcoming, although it is understood from Brussels that in many countries this post has not been filled. There also appear to be a shortage of national support staff at EUD level, and given that these can be recruited cost effectively, this seems to be a false economy. In Brussels Lesotho has tended to have a rather low profile on both the AIDCO and EEAS sides. There are parallels here with the experience in managing Overseas Countries and Territories (OCTS) and the evaluation of that programme found that capacity in Brussels was hampered by lack of staff continuity and on occasion lack of seniority. A symptom of it has been that relatively few visits have been made by Brussels staff to Lesotho for management and familiarization purposes.</p>
I 8.1.1	<p><b>The EUD had an appropriate mix of posts, at the suitable mix of seniority to manage the Lesotho country programme.</b></p>
General	<p>Interviews with current and past EU staff that have worked either in the Delegation or have worked in Brussels dealing with Lesotho have all pointed out the very limited HR of the DEL. A 'chronic' shortage of staff.</p> <p>The DEL was 'devoluted' or 'deconcentrated' in 2004/05 (one of the last DEL to do so) and was managed by the HoD, one operational staff plus one finance and contract (with the HoD and FC also serving Swaziland). At this time, programming was done by Bx and DEL intervened at the end of the process.</p> <p>A measure of the extent to which staff capacities are stretched is the disbursement rate of the EU programme: when the 10<sup>th</sup> EDF was being programmed, the DEU was still trying to launch the greater part of the 9<sup>th</sup> EDF. Currently, when the 11<sup>th</sup> EDF is about to start, the DEU has only just launched the preparatory activities of a €13,4m TA programme which should have accompanied the implementation of its GBS operation (PRBS2). There are definite issues of staff pressures with effects on programme implementation.</p> <p>Problem is having same number and frequency of reports as any other DEU. Since June DEU has had 2 court of auditor missions and is pilot on the new EAMR recording.</p> <p>Problem is also frequent requests from Brussels which are often in large part duplications but which have to be responded to individually.</p> <p>However, according to the outcome of the workload assessment prepared as part</p>

	<p>of the PROXIMUS [which seeks to adapt staffing to workload taking account of the fact that the 11<sup>th</sup> EDF allocation is increased by 9% whilst the staffing will be reduced by 10%], the Lesotho DEL is currently overstaffed as both the number of contracts per OPS staff and the number of contracts per FCA staff is lower in Lesotho than the worldwide baseline. The number of contracts per staff in Lesotho is 6.54 in 2014 against a baseline of 7.54 and is projected to lower to 4.52 in 2019 before picking up to 4.77 in 2020. Looking at the portfolio of Lesotho, and the aid modality/€ disbursed, there are a lot of contracts to be managed for 'grants', FWC and Programme estimates compared to the amount of € disbursed. According to the methodology of the exercise, FWC create half the work compared to grants and services and PE create 3 times more work for FCA and 2 times more for OPS when BS creates 3 times more work for OPS and 3 times less for FCA. In Lesotho, there is thus a possible saving if the number of PE is drastically reduced which should be possible since admittedly if the country is eligible for BS then Programme Estimates should not be necessary and can be replaced by BS. Still looking at the situation in Lesotho, and even if FWC diminish the workload compared to other modalities, it is to be noted that 36% of all contracts are FWC which only count for less than 2% of disbursements (so even if their workload is only a third, it still is very poor value in terms of workload/€disbursed).</p> <p><i>Sources: MN50, MN02, MN80, MN29, MN83, MN57</i></p>
PRBS1	<p>The first mission report for the preparation of what was to become the PRBS1 took place in May 2006 and states that PFM reform and PRS monitoring entail 'regular and intensive contact between the GoL and DPs. (...) our Delegation is not geared up to participating in such intensive dialogue at present. This needs to be at the forefront of our thoughts when we come to consider the CSP: unless we can assure at least 50% of the time of an economic advisor and 100% of the time of a CA (both of whom should have the requisite background) in support of the design and implementation of such a programme, then it would be irresponsible to try.'</p> <p><i>Source: Mission report on BS, 2 June 2006.</i></p>
LGNSP	<p>The LGNSP programme activities were adversely affected not only by delays in the finalisation of Programme Estimates (PE's) but also delays in the submission and processing of replenishment requests, which during the early stages of the programme did not include the supporting documentation required by the EUD, and as a result a large proportion of the expenditure was deemed ineligible. Staffing changes at the NAO and the EUD are also likely to have contributed to delays as new staff would require some time to familiarize themselves with the programme's activities.</p> <p><i>Source: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract N° 2011/267985/1 page 32</i></p>
<b>I 8.1.2</b>	<b>EUD staffing reflected an appropriate range of specialists, given the structure of the sector programmes</b>
General	<p>Due to its very limited staff and therefore to the limited sector expertise, the DEU has routinely used TA contracted for Govt capacity strengthening to assist the DEU with its own tasks. In particular:</p> <ul style="list-style-type: none"> <li>• TA contracted to assist the NAO over at least the past 5 years, have routinely assisted the DEU in their tasks of managing the EDF programmes. TA contracted to the MoF in the context of PFM implementation have reportedly also helped the DEU to fill that particular knowledge gap as well as given the DEU insights into the MoF that the DEU would otherwise not have had.</li> <li>• TA, when supporting the NAO and when assisting the MoF to implement its PFM reform programme, have taken on a management role, substituting for the NAO/MOF staff. The TA has been functioning as a life vest for the</li> </ul>

	<p>NAO's office whilst the capacities of NAO GoL staff have not been strengthened. The ambition of the current support to the NAO is to reverse this situation by empowering the NAO and strengthening its capacities so that it can undertake its tasks. With regards to PFM reform, the evaluation of CBEP II notes that "The training component is comparatively small and there it is assumed that either a significant amount of TA input was designed to be on-the-job training or conversely that TA was being employed to act as 'doers' rather than 'advisers'".</p> <ul style="list-style-type: none"> <li>• Currently the head of the operational section which is responsible for PFM, macro-eco, coordination with NAO, BS &amp; PSD, is not an economist. However, this section head has to manage the PFM issues which are critical to the effectiveness of EU's aid programme; he also has to manage a programme of TA to the Ministry of Finance (NAO, Planning, xxx), to the Bureau of Statistics, to the Institute of Accountants, planned for an amount of €13,4 million over the next few years (only just started implementation but 10<sup>th</sup> EDF funds). The official occupying the post is also not supposed to play the role of a sector specialist but should be a generalist. According to the number of staff available, the number of focal sectors should only be 2.</li> <li>• The DEU has just recruited 2 local staff new posting: one on civil society and one on infrastructure. Press &amp; information: has started in July 2014.</li> <li>• Current political circumstances have highlighted the need for a political officer at the DEU. The EEAS has not appointed an official for this position and this is the case in many countries. By EU law, DEVCO staff is not allowed to spend more than 20% of its time on EEAS matters and conversely EEAS staff is not allowed to spend more than 20% of development cooperation. However, in the case of Lesotho, as in many other countries, in the absence of a political officer, DEVCO officials do spend more time on political matters and contractual staff who shouldn't be spending any time on political matters are often also drawn into this. It poses the real problem of the implementation of the Lisbon Treaty and the field application of the principles of the EEAS/DEVCO re-organisation of the Commission.</li> <li>• DEU staff have no budget and time/opportunity to go on training courses</li> <li>• There is no institutional memory in the office as there is never a proper hand-over to the next post incumbent. Other problems that may have occurred include: a lack of collaborative effort in the office, lack of competence of individuals, lack of commitment, lack of coaching.</li> </ul> <p>NAO office: 2 officers are on operations: W&amp;S &amp; Governance, one in finance and accountancy then advisor to NAO and Finance and contract, one administrator, to overlook all the programmes. One TA to Aid coordination unit.</p> <p><i>Sources: MN80, MN29, MN56, MN83, MN57</i></p>
<b>I 8.1.3</b>	<b>Disbursement of volumes of aid in value, number of sectors covered, and number of contracts, per unit of staff compared to other regional EUD</b>
	<p>The 9<sup>th</sup> EDF encountered numerous problems to disburse so the programming of the 10<sup>th</sup> EDF also took place in this context of very difficult disbursements.</p> <p>According to the workload identification done in the context of PROXIMUS, the disbursement of aid/number of contracts per unit of staff in Lesotho is much below the worldwide EU baseline (see graph and table below). Lesotho's number of contracts per Operational staff (OPS) is 6.54 in 2014 and estimates to fall over time against a worldwide baseline of 7.64 and well outside the comfort zone (below the comfort zone meaning that Lesotho is overstaffed and will be even more so in the future as ongoing contracts run their time). It is foreseen that the number of contracts will fall from 46 in 2014 to 33 in 2020.</p> <p>The 'comfort zone' and key to the explanation of the workload is given by a number of assumption in the methodology which states that the number of staff</p>

is a function of the implementation modality used (a different weighing for BS or supplies or works or programme estimates for example), the country (a hardship country will assume that work is more difficult and thus more workload for the same type of contract), the total number of staff in the DEL (a lower number of staff will have less elasticity and hence is given a bonus) and takes account of all allocations (geographic, budget lines, thematic, etc.), is based on current allocations (average contract sizes and average life time of contracts over the past 3 years) and projects on phasing out and new allocations.



With regards to the number of sectors covered: in terms of staffing the DEL has (apart from the HoD), 2 officials, 2 contractual agents and 2 local agents. Normally officials are generalists and contractual agents are sector or expertise specialists. Here, because the country programme has 3 focal sectors, one of the officials also has to be a sector/expertise specialist. This is not normal and the number of focal sectors should be reduced to 2 sectors to correspond to staffing.

	<i>Sources: MN45, MN57 and Optimus for Lesotho</i>
<b>I 8.1.4</b>	<b>Evidence of quality of support and oversight provided by Brussels staff</b>
	In programming Bx took the lead with the 9 <sup>th</sup> EDF but not the 10 <sup>th</sup> EDF. Missions from Bx to Lesotho were rare and have become rarer.  Sources: MN45, MN50
<b>I 8.1.5</b>	<b>Numbers of national staff employed in the DUE compared to other donors</b>
	Independent commentators have observed that both the US Embassy and (until it closed) Irish Aid have had well-staffed operations, with a higher number of professional national staff. It may further be noted that the costs of employing national staff (in both professional and support roles) is very much less – indeed a recent study by the AfBD found that more than 10 nationally appointed staff could be employed for the cost of a single expatriate [this related to an East African country with similar local salaries]. The logic is that it could be cost effective to staff up the EUD to bring it in line with the norms of comparable organisations.
	The workload exercise and the other analyses of staffing (verification missions by DEVCO or inspection missions by EEAS) do not compare EU staffing levels to other donors staffing levels (whether or not local or total staff) – no benchmarking.  Source: MN57
<b>JC 8.2 The creation of EEAS has reinforced the EUD's capacity to undertake its activities</b>	
<b>Summary</b>	<p>It is important to place the role of the EUD in the context of Lesotho. The EU presence in Lesotho is very significant because of the absence of MS embassies and diplomatic presence. The closure of the Irish Embassy in 2014, completed a process of withdrawal by member states that has been ongoing for some years. Whilst the UN Agencies retain a significant presence, their engagement in challenging issues, such as governance and democracy appears to be more muted. However the USA retains a significant presence. Participants advise that the EU, UN agencies and USAID meet very frequently to provide a joined-up and coherent message to Government, even though it is believed by some that the GoL, protected by SACU revenues, is not willing to listen.</p> <p>Given these circumstances, even without the creation of EEAS the EU would have an important role to play in discussing issues of democratic accountability with GoL. The principles of good governance and partnership are embedded in the Cotonou Agreement and provide a basis for dialogue that is mutually reinforcing between development cooperation aims and policy dialogue. The use of budget support as an instrument further reinforces this linkage as the presence of appropriate policies is an eligibility criterion, and the latest reforms to the application of budget support reinforce the importance of good governance.</p> <p>It may be argued that the establishment of EEAS provided momentum for a broad-based dialogue and has the potential to reinforce the role of the EUD. But a driver has undoubtedly been the highly proactive stance taken by the current Ambassador, who has gone to considerable lengths to engage with Member States, to support their needs in Lesotho and to strengthen collaboration. A simple illustration is the use of the garden of the Ambassador's residence for a Member State's national day function. This positive willingness to engage can only be beneficial. In some countries such an approach would be resisted and observers commented that sceptical member states might be concerned that the EU is over-stretching its mandate. But in the context of Lesotho, given the absence of MS Embassies/High Commissions, there should be no such concerns.</p>
<b>I 8.2.1</b>	<b>Roles and responsibilities of each party have been clearly articulated and understood internally and externally (amongst stakeholders in Lesotho)</b>

	<p>Interviews with key public sector stakeholders in Lesotho (Office of the NAO, selected Permanent Secretaries, senior staff in Government) have generally been positive regarding the role of the EU. This is also the case with respect to NSA, although one described the EU's procedures as being the most demanding of any donor. In most cases the roles and responsibilities has been primarily been articulated in terms of the EUD, given its role in representing the EU more broadly. However as would be expected the Office of the NAO had an appreciation that final decisions with respect to budget support rested with Brussels and not the EUD.</p> <p>Institutional memory were in some cases limited because of change of staffing amongst partner organisations. The relationship between development cooperation and EEAS is not necessarily clear to all stakeholders, but no contradictions were identified and there do not appear to have been significant tensions between EEAS and AIDCO. One possible reason is that the current EEAS Desk Officer in Brussels formerly worked on development cooperation. On the political side Lesotho was described in Brussels as being "rather quiet" [MN 98] although the alleged attempted coup in September 2014 will undoubtedly have raised its profile amongst member states.</p> <p>The EEAS has a particularly important role in the current uncertain political environment articulating the concerns of MS without diplomatic presence in Lesotho. There is evidence that (as with the December 2014 meetings) that the EU is being thrust into the limelight because of its unique diplomatic presence whilst other MS are, in most cases, based in Pretoria.</p> <p>Member states such as Ireland expected that the EU would lead on policy dialogue given the long relationship with ACP states, and this was also evident in the 2012 evaluation of Irish Aid to Lesotho. However this partly reflected the use of budget support as an instrument rather than creation of EEAS. (see MN 423).</p> <p>It is reported that there very strong donor cooperation on the political front: donors (EU, USAID, UN) meet all the time to give a coherent message However it is also reported that the Government is not receptive to messages received. [Source MNs 74; 01].</p> <p>22 member states have Embassies in Pretoria of which 19 are also covering Lesotho. 10 EU Ambassadors were due in Lesotho in first week December 2014, with the programme being coordinated by the Lesotho EUD. The EU is not competing with member states who still undertake their own programmes of engagement with Lesotho – e.g. Austria providing support to mountainous countries; French on the cultural side; Cyprus is supporting some school projects. Positive letter received from British High Commissioner. <i>Source MN 83</i></p>
<b>I 8.2.2</b>	<b>The timeframes for decision taking processes concerning the Lesotho programme have not been affected</b>
	<p>Although delays have occurred in some parts of the programme (e.g. aspects of LGNSP and DDNSP programmes, the Justice Programme, preparation of the PFM capacity building project under the 11<sup>th</sup> EDF) but it is not appropriate to link delays that have occurred to the creation of EEAS, and nor have significant dilemmas or challenges emerged to date that can be specifically linked to the creation of EEAS. Performance on the regional programme has, however been disappointing to date, and creation of EEAS has not to date created momentum for a fully coherent approach that means that Lesotho is being prioritized by the Pretoria EUD and other EUDs engaged with regional bodies such as SACU and SADC (although MN 467 highlights that Lesotho is benefitting from EU's regional programmes and the main inhibitor to further engagement is that the partnership arrangement under Cotonou means that the EU necessarily focuses</p>

	on matters that are priorities to the Government of Lesotho).
<b>I 8.2.3</b>	<b>Formal and informal lines of communication have worked well</b>
	Relations with both Brussels and other EUDs are determined by a mix of both formal and informal relations. Numerous meetings undertaken as part of the evaluation highlight that staff turnover (staff rotation) in EU institutions impacts on institutional memory and may have implications for informal communications. Establishment of EEAS may have, at the margin, exacerbated this during the transitional period, but no major issues or challenges were identified. (MN 467, 76, 66)
<b>I 8.2.4</b>	<b>No contradictions have emerged regarding the relative priorities of DEVCO and EEAS</b>
	The EUD reports that whereas senior permanent staff on the development cooperation side (DEVCO) are permitted to work 20% of their time on EEAS matters, this does not apply to support staff (such as secretarial and local agents. This is because these posts are funded from interest accruing on unspent balances of EDF funds, which relate to Cotonou, and which are therefore not eligible for EEAS/political activities. In practice, given the small staff complement of the delegation, this is difficult to implement.
	There is an obvious conflict of utilisation of time: There is a rule of 20% of time of officials can be used for either DEVCO or EEAS (either way). This is because it is project money; anything more than 20% is fraud. This has not been adhered to in the delegation because of the fact that there is no political posting. There is a minimum staff kit for DEL for smooth running of the DEL and in many cases EEAS is not doing it.  <i>Sources: MN5, MN29, MN57</i>  It is as yet uncertain whether differences will occur between DEVCO and EEAS regarding the application of instruments, in particular budget support, but no systematic differences have been identified to date.
<b>JC 8.3 The Delegation was adequately staffed to engage in effective policy dialogue as well as in administrative facilitation</b>	
<b>Summary answer</b>	<p>There is evidence that senior staff who should be engaged in policy dialogue are excessively burdened by administration, including rather low value-added work. There are several reasons for this: in part it reflects a long administrative tail from previous projects including those implemented through technical assistance, together with minor accounting errors that prevent files from being closed. The EUD also gets requests for information and reports which are standard for all delegations and not tailored to reflect its small size. On occasions these overlap and/or reflect duplication, probably a reflection of scope for better coordination in Brussels.</p> <p>The current generation of EUD personnel have the knowledge and experience to engage through policy dialogue, but this may not have been the case to the same extent during the earlier part of the evaluation period. The decision to move out of supporting the transport sector was partly down to insufficient resources and expertise to engage effectively at sector level. A further constraint is that there has been a shortage of support workers, despite their relatively low cost.</p> <p>There are also reports that the move to budget support was not fully explained, Using projects and the EUD e were scrutinising funds being spent – to the extent of being very micro and if it didn't follow the procedures they would have to repay (even if the activity served the objectives). By contrast with SBS it is totally different. It was argued that the EU did not give explanation about GBS and SBS: Delegation staff were not trained and the Government even less so and hence were not properly prepared.</p> <p>A further concern is that the EU has been working in especially challenging non-</p>

	<p>focal sectors. Both the justice sector and decentralization programmes are resource-intensive, with multiple national stakeholders. Describing them as “non-focal sectors” implies that they can be supported with relatively little effort and this is clearly not the case. Justice as a sector is inherently sensitive and it involves so many cross-cutting aspects. The Justice Sector programme was highly (and probably unrealistically) ambitious and started very late. By the time it started needs had changed. The cause of the delays related to a precondition</p> <p>Decentralization carries fiduciary risks and although it GoL policy to support decentralization, progress has been limited over the past 17 years when the policy was adopted. Fiduciary risks had to be assessed through an assessment undertaken for each council. It is clear that the interpretation of risk requires both good analysis and clear interpretation of the findings.</p> <p>The World Bank, which might have been an obvious partner to lead on fiscal decentralization, had withdrawn from the sector. GIZ, which is also to withdraw from the sector, noted that it (GIZ) lacked expertise in fiscal decentralization. It queried whether the EU’s implementing partner, UNDP, had sufficient depth of experience. These are difficult sectors and programmes to manage with very limited EUD resources. The case may be made that effort put into non-focal sectors could detract from effective management of the focal sectors.</p>
<b>I 8.3.1</b>	<b>Shared responsibilities over Swaziland did not hinder availability for and depth of policy dialogue</b>
	<p>The coverage of Swaziland has been time-consuming for both the Ambassador (coverage applied until 2014) and Finance and Contracts – for which it is continuing. However no indication was received that this impacted on the availability and depth of policy dialogue in Lesotho, which has been determined by other factors (including the aid instruments, establishment of EEAS, evolution of approaches by heads of delegation etc)</p> <p>(sources: MN 41, MN 101)</p>
<b>I 8.3.2</b>	<b>Key Delegation stakeholders understood the process of policy dialogue and were sufficiently empowered to participate fully</b>
	<p>The evidence base for answering this is inevitably anecdotal. Of the current staff, there is a clear appreciation that the heavy project administration and reporting requirements mean that time available for policy dialogue is reduced. Furthermore it is noted that the GoL does not speak with one voice, and the very fragmented and politicised nature of the public sector means that the process of policy dialogue is inevitably made more complicated and resource intensive.</p> <p>There is some indication that the EU has not been consistent with its adherence to interpretation of key issues (such as PFM and sect or policy eligibility criteria). This can be evidenced by the swings away from and then back to0 budget support as an instrument. Since final decisions on budget support are not made at EUD level, this suggests that those leading the policy dialogue can by definition not be fully empowered (and this may be for good reasons) but it also means that the EU has not adopted a consistent approach with respect to PFM related issues.</p> <p>There is some indication, for example from TA, that unpalatable evidence about the poor quality of PFM may, at certain times over the evaluation period, not have been well received. To the extent that disbursement is an over-arching objective, there remains a risk that this undermines the credibility of policy dialogue, especially in relation to conditionality.</p>
	<p>EU programmes and policy dialogue has evolved over time, in part due to the instruments but also because of evolving attitudes and approaches.</p> <p>For example, as cited by the former Ambassador, Lesotho is not very aid dependent and given the predominance of SACU revenues this may be more significant than the shared responsibilities re Swaziland. Engagement on policy</p>



	<p>dialogue matters has required a “certain modesty”.</p> <p>Current thinking favours a joined up approach with Member States, especially in response to the governance challenges of 2014 (“alleged attempted coup”).</p> <p>It appears that Delegation stakeholders were sufficiently empowered to engage in policy dialogue. However operational work (cited as “chasing the last €50” so that project accounts can be closed etc.) has acted as a limiting factor to policy dialogue because administrative details have proved to be very resource intensive to administer. Difficult to close CRIS accounts (and in some cases errors have been made in Brussels).</p> <p>There may also be concern that the EU lacked sufficient depth of expertise in non-focal sectors including decentralization and justice to adequately manage those programmes and to fully engage in policy dialogue. GIZ noted that it (GIZ) lacked expertise in this area, queried whether the EU’s implementing partner, UNDP, had sufficient depth of experience. The Justice Sector programme was highly (and probably unrealistically) ambitious and started very late. By the time it started needs had changed. These are difficult sectors and programmes to manage with very limited EUD resources.</p> <p>Sources: MN33. MN 71. MN101, MN 301. MN 29, MN39, MN400)</p>
<b>I 8.3.3</b>	<b>Delegation staff have attended key national and sector fora on a regular basis</b>
	<p>It is not clear how one person in the EUD can be expected to manage the following: justice, decentralisation, social protection, food security (food facility ended in 2012) plus all the thematic budget line (except water) and human rights (questions from the Parliament etc.). The Governance Adviser has three big EDF projects: social protection, decentralisation, justice and smaller NSA, etc. In 2014 a Local Agent was recruited to help with NSA, but prior to that there was no second person. This appears to be impossibly heavy workload.</p> <p>There is no political advisor and no press information officer so also supporting the HoD on annual policy dialogue and support on communications. Here we are not doing well on communications and visibility is very difficult. This year very active on the justice sector (workshops, seminars etc.).</p> <p>There is good evidence of this with respect to some sectors and periods (e.g. in relation to NSA, water (currently) etc. but coverage had formerly been more limited in periods where staff vacancies occurred (including due to sickness), for example in the water sector.</p> <p>Using projects and we were scrutinising funds being spent – to the extent of being very micro and if it didn’t follow the procedures they would have to repay (even if it serves the objectives). Now with SBS it is totally different. We need to reflect this in our report. Tragic thing about EU is that they don’t give explanations about GBS and SBS: DUE not trained and the Govt even less – they weren’t prepared.</p> <p>However it was noted that SBS has improved the exchange of all stakeholders sharing regular meetings and coordination has improved.</p> <p>It is clear that EUD staff have worked hard to be visible, retaining a profile and presence despite multiple demands on their time.</p> <p><i>Sources: MN 3; MN 82; MN301</i></p>
<b>I 8.3.4</b>	<b>EU’s website, “Europe Days”, exhibitions, the Lesotho media and written publications evidence EU principles and priorities</b>

	<p>The EUD website and pamphlets are indicators of this as have been Europe Day exhibitions. Google searches reveal ample evidence of the profile of the EU in Lesotho.</p> <p><i>http://www.eeas.europa.eu/delegations/lesotho/index_en.htm</i></p> <p>See also</p> <p>“Local European Union Statement on the political situation and upcoming elections in Lesotho” dated 02.12.2014 on the EU website</p>
<b>I 8.3.5</b>	<b>Transaction costs of supporting two countries (that have no common border) have been contained effectively, thereby offering Value for Money</b>
	<p>The physical mode of travel between Swaziland and Lesotho has been for drivers to meet mid-way. This journey takes around 6 hours, and therefore the former Head of Delegation and former and current Finance and Contracts staff lose the best part of a working day in each direction. This is quite onerous and comes at a significant opportunity cost. [this could be calculated, I guess]. A further inefficiency relates to the paper flow, which for Finance and Contracts means that original documents have to be transferred back and forth. It is beyond the scope of this evaluation to undertake a Time and Motion study, but it is far from self-evident that the process achieves value for money. Furthermore both Lesotho and Swaziland have poor governance and PFM standards, suggesting that a high degree of scrutiny would be justified. The case for a shared Finance and Contracts unit is consequently weaker as a result.</p>
	<p>According to the workload exercise, the FCA ecion is still overstaffed, despite having the shared workload with Lesotho and Swaziland. They handle only 12.61 contracts per FCA staff instead of the 20.85 at worldwide level. In theory they should thus have no problem to service both countries.</p> <p><i>Source: MN57 and Optimus</i></p> <p>Logistically movement between the two places is not easy and requires a long drive through South Africa. The norm is for vehicles to set off from each EUD and to meet in the middle to transfer personnel and documents. Takes around 6 hours so almost a working day.</p> <p><i>Source; MN 85</i></p>
<b>I 8.3.6</b>	<b>Accounting and related systems have enabled a clear tracking of expenditures by country</b>
	<p>This is self-evidently not the case, and the Head of Finance and Contracts has spent considerable time and effort seeking to ensure that expenditure is properly allocated. Country level reconciliations are reported to be challenging to complete.</p>
	<p>The accounting system on CRIS was not set up to adequately identify expenditures between Lesotho and Swaziland, and a lot of time has been spent manually assigning expenditure to each country. It has been difficult to accurately reconcile financial data held in Brussels and in Finance and Contracts in Lesotho. This appears to be an accounting and reporting issue and has nothing to do with the geographic separation. However it has created inefficiencies. Further challenges relate to the storage of documentation, with hard copies needing to be transferred back and forth. This appears to have diminished VfM and efficiency. Systems are now improving due to effective recent Finance and Contracts management.</p> <p>“Swaziland has been a huge problem. Every month we are assessed on our performance but if there is a mistake on Swazi which is registered on CRIS then it registers as if it was on Lesotho. - Data CRIS should be quite good after 2008 (cleaned up)”.</p> <p><i>(Source: MN 85)</i></p>

<b>JC 8.4 The Lesotho Delegation has an appropriate learning strategy, enabling it to reflect on its experience, integrate M&amp;E results in its management decisions and share findings with others</b>	
<b>Summary answer</b>	<p>There is evidence that information flows are uneven and do not flow well from one generation of EUD staff to the next. As in other Delegations knowledge management relies to a degree on long-standing Local Agents and support personnel. As noted by a former Head of Delegation, Ambassadors are expected to implement programmes designed by their predecessors whilst supporting preparation for follow-on EU support that will be implemented by their successors. So it is very important to ensure a good understanding of what and why decisions have been made, and to ensure that coherent M&amp;E processes are in place.</p> <p>Yet in practice there are indications that learning has been uneven. EU staff in both Brussels and the Delegation, have had trouble explaining how the energy sector came to be identified as a focal sector for the 11<sup>th</sup> EDF.</p> <p>Some issues were not adequately addressed when successor programmes were developed. This appears to be the case for CPEB Phase I and II. However it should be noted that even if issues have been identified, without a supportive enabling environment (e.g. on the part of Government), key issues and constraints may not be resolved. A similar concern applies to the NSA programmes: the development of appropriate SMART indicators for the two main programmes to support NSA may be very difficult when using a “call for proposals” type contracting method.</p> <p>Knowledge management is also not assisted by the rather un-user friendly nature of CRIS and the shortage of support staff which inhibits establishment of an effective registry. Despite this there are strengths: regular internal meetings are held in the EUD and those interviewed by the team in both Brussels and the EUD showed a good appreciation of key issues. The evaluation team particularly appreciated the willingness of the current Ambassador and EUD staff to be open to ideas and suggestions, and to work in a collaborative manner.</p>
	Senior Delegation staff have been unable to identify just how the 11 <sup>th</sup> ECP and NIP was prepared, and what led to the final selection of focal sectors.
<b>I 8.4.1</b>	<b>There is evidence that the EUD has taken account of previous country, sector and thematic evaluations in preparing and executing its work</b>
CPEB II	<p>There is evidence that the DEU did not take account of previous evaluations realised for TA in PFM: the CPEB (TA programme in 2 Phases – Phase I for M€5.7 over 2004-2007 and Phase II for M€4.94 over 2010-2012) has been a very large TA programme for PFM reform of which Phase II was evaluated in December 2012. The results of this evaluation seem not to have been taken into account for the design of the current PFM reform programme as the main obstacles to effectiveness remain unaddressed, the same way as the weaknesses that were identified in CPEB Phase I in its mid-term review remained not addressed in CPEB Phase II:</p> <p>As a result of poor administration on the European Commission part and institutional difficulties in the Government, CBEP I did not achieve its intended results. In particular, the anticipated macro-models, the work on the national accounts and the development of the planning manual and the training plan were all works in progress. In recognition of the limited progress made during the phase one, the new programme was conceived as a continuation and expansion of the ongoing EU support to the MFDP (i.e. the CBEP I). (Page 14, Evaluation report) and</p> <p>The mid-term review of CBEP I carried out in December 2006 highlighted the key constraints in achieving its intended results: Lack of progress in determining the new organization structure for the MFDP; and</p> <p>Administrative delays at the Commission. In implementation, the review also noted poor sequencing of activities and limited donor coordination. In terms of sustainability, the mid-term review noted that without civil service reform, sustainability was unlikely to be achieved. In the CBEP Phase II design, no</p>

	<p>allowances were made to address these and other factors affecting effectiveness such as: lack of donor coordination, absence of public administration reform, the lack of effective management of the MOF.</p> <p>Similarly to the situation in 2006, at the time of designing the CBEP Phase II which ‘assumes that EC support will improve and sets out no specific actions that need to be taken by the EC to ensure that this will indeed happen’, the success rate of the currently designed programme is based on the belief that this programme, contrary to its predecessors, is ‘more appropriate’. In fact the current tem responsible for the TA programme had no knowledge of the evaluation report of CBEP Phase II or of its recommendations.</p> <p><i>Sources: CBEP Phase II evaluation report, MN5, MN80</i></p>
<b>I 8.4.2</b>	<b>Adequate M&amp;E systems and reports exist at project, sector and national level to report on results in line with the CSP planning</b>
CBEP Phase II	<p>Even though M&amp;E arrangements were included in the FA of the CBEP II, the evaluation report notes that ‘the arrangements for monitoring and evaluation, if carried out, appeared poor – they did not specify who should report to whom and on what, for example, inputs by the Government or funding from other sources/donors’ (page 27). It also notes that the logframe of the programme was very weak and could not serve as a guidance to implementation and thus monitoring of programme implementation. Similarly the absence of a comprehensive workplan hindered monitoring efficiency. Monitoring and reporting were based on activities rather than on results.</p> <p>The implementation of the CBEP II was supposed to be overseen by the IRSC (Improvement &amp; Reform Steering Committee), responsible for the coordination, supervision and monitoring the MPDF reforms and chaired by the PS. But there was no Project Steering Committee and, according to the evaluation report, ‘implementation suffered of the absence of such a body and a resulting lack of guidance as visible in the fragmented provision of STTA and planning weaknesses (...) posing a challenge to optimizing coordination and impacting negatively on the day-to-day management of the operations.’ (page 36). There were also no mechanisms to ensure timeliness of reports and mechanisms of approval or feedback on reports. The planned for mid-term review did not take place but 3 ROMS were produced (2009, 2010 and 2011). The evaluation report concludes on this issue: ‘The various areas looked at in the sections above show that the programme suffered of very poor monitoring structures with an observed recurrent trend to trouble shooting rather than adopting a systematic problem solving based on joint decision making by stakeholders.’</p> <p><i>Sources: CBEP Phase II evaluation report 2012</i></p>
	Absence of SMART indicators noted on NSA programmes (LGNSP and the successor DDNSP) e.g. in ROM reports. See EQ7 for sources.
<b>I 8.4.3</b>	<b>EUD management of information is consistent with a positive learning strategy</b>
CBEP II	<p>As stated above, the DEU has not considered the results of the CBEP II evaluation when designing the current PFM support and the same problems are very likely to undermine the efficiency, effectiveness and sustainability of the results of the currently foreseen TA, much as I the same way the lessons were not learned from CBEP I when designing CBEP II. The latter’s evaluation notes: ‘<i>Most outputs are unsustainable without continued support. Based on all documents reviewed and discussions with both technical advisers and government officials, it is clear that sustainability remains an unresolved issue. This is because of the same issues cited at the mid-term review of CBEP I:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Staff retention and morale;</i></li> <li>▪ <i>Remuneration and career prospects; and</i></li> <li>▪ <i>Internal communication, coordination and delegation, still exist.’</i> (page 47)</li> </ul> <p>And, in its overall conclusion: ‘<i>Sustainability and impact remain limited for precisely the</i></p>

	<p><i>same reasons as identified in the mid-term review of CBEP I.' (...) and The same institutional constraints identified at the outset of the programme, which adversely affected the CBEP I, as well as a number of other donor supported initiatives, remain unresolved.' (page 50).</i></p> <p><i>Sources: Evaluation report CBEP II, MN80, MN5, MN29.</i></p>
	<p>As noted by EUD staff, there is no archivist within the EUD, and support staff are frequently overworked. Given that CRIS is incomplete, mainly focusing on contract related matters, it is not clear that other documentary sources are sufficiently traceable, especially around softer, non-programme issues. The lack of a political officer is noted as a constraint, especially on the EEAS side.</p>
	<p>The absence of any staff to manage the registry was identified by the EUD as an inhibitor to knowledge management. It is a challenge to create institutional memory and it is hard to achieve a proper hand-over. Operations section has no secretary so HoC secretary serves all and stands in for HoD secretary when she is not there. One more secretary would make a lot of difference.</p> <p><i>Source MN 29; searches for non-Cris Documentation, informal discussions with support staff)</i></p>
<b>I 8.4.4</b>	<p><b>The EUD has contributed to efforts to disseminate findings both within the EU and within the region, especially Lesotho.</b></p>
	<p>Donors typically find it difficult to get messages across to Government. The Irish reported that they were very disappointed in the lack of reaction to the negative 2012 evaluation of Irish support to Lesotho.</p> <p>The major focus being given to strengthening the NAO is partly to address this problem and is intended to strengthen ownership.. In the past TA to the NAO did too much of the work themselves limiting ownership of the process. The EUD has worked to ensure visibility through Europe days, the website, and dissemination of events (visits to projects etc) by EU officials and staff.</p> <p>The EUD does not have the resources or even the budget to attend regional events (including training events) and this inhibits the flow of information, especially re regional programmes. This is a problem given the relatively low profile of Lesotho regionally.</p> <p><i>Sources: MN 06; MN 101; MN 01; MN 62; MN70</i></p>
<b>Information sources</b>	
Administrative statistics from DEU	
Yearly DEU reports	
Interviews	
<b>Analytical methods</b>	
Documentary analysis	
Interviews	

EQ9 on aid modalities and aid instruments	
<b>To what extent have the EU's different aid modalities been combined to facilitate the reaching of anticipated outcomes of the EU's cooperation programme with Lesotho?</b>	
<b>Level</b>	
Efficiency, coherence, value added	
<b>Justification and scope of the EQ</b>	
<p>The EQ will look at the relative efficiency with which outcomes have been reached and compare the various approaches, aid modalities, financing instruments, implementation modalities and policy dialogues. In water and social protection, both project and budget support have been used thus facilitating the comparison between the two instruments. In both water and social protection, several funding sources have also been used (water facility/EDF, ECHO/EDF) allowing a judgment to be made on relative efficiency of bilateral/thematic funding and means of implementation (SBS/GBS/NSA/project). In the water sector SBS has been used whilst at the same time GBS has been used to further development objectives as a whole and in PFM and Social protection in particular. It will be possible to compare the two approaches, analyse the levels/depth of policy dialogue etc. in order to provide a view on the relative efficiency of GBS or SBS and potentially draw informative lessons for the implementation of the 11<sup>th</sup> EDF programmes. The EQ will principally look at cooperation in the three focal sectors where instruments, aid modalities and implementation mechanisms can be compared to draw lessons for relative efficiency. It will rely on the following judgment criteria:</p> <ul style="list-style-type: none"> <li>(i) the appropriateness of choice of aid and financing modalities (JC 9.1)</li> <li>(ii) the complementarity of interventions funded by different instruments (JC 9.2), and</li> <li>(iii) the relative merits of general and sector budget support in Lesotho in improving public policies and institutions (JC 9.3).</li> </ul>	
Preliminary Judgment criteria and indicators	
<b>Judgement (JC)</b>	<b>criteria</b>
<b>Indicators (I)</b>	
<b>JC 9.1 The EU has used a set of financing modalities that has enabled a flexible and appropriate response to Lesotho's needs and capacities</b>	
Social Protection	The EU BS has been done in detriment to project based support which could have consolidated checks and balances. Its support on financial management could have been more focused and technically committed to looking at cash transfer modalities and strengthening of systems building on different ministries processes as well as engaging the private sector. The EU financing capacities may not have enable cash transfers to be quick enough without a revision of institutional processes for attribution and reconciliation.
Water	<p>MN305 – 27-11-2014 – Commissioner of Water</p> <p>“- SBS was good in terms of coordination and the water sector reforms have been strengthened;</p> <p>- SBS increased the quality of the sector but not the quantity aspects: no real significant improvement in terms of access to services. For that project approach seems more relevant and efficient.</p> <p>- Although important, the EU BS current weight in the sector budget is moderate. Agree for SBS but want also specific projects, if it is make sure that it can go to the end of its outputs (budget available at start). Have a lot of studies ready (Metolong dam which serves 80% of the population for example) but they don't have the budget to invest there. The projects are already prioritised: there is a national Water master plan. So EU should not produce new studies and just join the efforts with more funds for a specific tranche of works. In the sector the funding goes beyond any single agency capacity and they need a blend from several donors.”</p> <p><i>Source: MN305</i></p>
	The modalities used by the Commission in Lesotho are as follows over the period 2008-2013:

	<b>Implementation modality</b>	Contracted in Euros	As share of total	Nb of contracts
	Budget support	115.38	53.5%	20
	Works	25.57	11.9%	4
	Programme Estimates	25.28	11.7%	46
	Project	22.75	10.5%	20
	TA	15.82	7.3%	150
	Capacity Building	5.48	2.5%	16
	Food relief	5.42	2.5%	5
	<b>Grand Total</b>	<b>215.69</b>	<b>100.0%</b>	<b>261</b>
<i>Source: ADE Inventory</i>				
<b>I 9.1.1</b>	<b>Financing modalities and implementation mechanisms have been discussed with the GoL/beneficiary agencies and took account of institutional capacities</b>			
General context	<p>Lesotho's public administration is generally regarded as weak. Although the public administration is large by regional and international standards<sup>7</sup>, interviews and documents brought to light its general weakness in terms of motivation, commitment and capacity. Although the public service has a cadre of well trained and competent officials, key posts remain unfilled due to the brain drain to the RSA; in addition human resource management does not favour effective use of civil servants (the civil service reform programme has not been implemented) and higher posts are subject to political vetting which has created particular difficulties in the recent context of a coalition government. Characteristics such as high politicisation of the civil service, inertia, lack of strategic engagement, lack of commitment to the NSDP, lack of ownership and leadership to manage aid resources, are highlighted in the Irish Aid CSP evaluation and make for a bleak picture of the context of donor attempts to increase aid effectiveness. These weaknesses of the public administration are an important factor for development partners in shaping cooperation priorities and choosing implementation modalities.</p> <p><i>Sources: EU programming documents: Action fiche and financing agreements; Evaluation of the Irish Aid CSP, 2014; MN1, MN6, MN25, MN30.</i></p>			
General/Public service	<p>The two reports from the Commonwealth Commission (Prasad 2013 and Prasad 2014) demonstrate and confirm the findings of the field mission:</p> <ul style="list-style-type: none"> <li>(i) the high level of politicisation of the Lesotho civil service and the negative effects this has on its efficiency and effectiveness: Principal Secretaries and some others are political appointees. This affects the efficiency and effectiveness with which the GoL can deliver its public services and the accountability of the public service and the GoL as the role of the Parliament is undermined.</li> <li>(ii) the malfunctioning of the coalition Government and its effects: no clear process for discussions and decision making has been established between the coalition partners and similarly no process was agreed for recording decisions and passing them on to staff for implementation. As a result there is confusion, lack of decision making on key issues, an/or lack of implementation, and working in silos of different Govt offices. This is aggravated by a lack of communication of policy priorities to the public outside the overall 5 year vision focusing on the poor, on education, on primary health services, good food and diet, improved education and on addressing the scourge of HIV and Aids against a background of economic growth, job creation and a focus on youth.</li> </ul>			

<sup>7</sup> No exact figures were found for public employment, but the public sector is the largest employer in the country: public sector wages represented around 20% of GDP in 2010/11 (42% of public expenditure) whilst social contribution payments represented another 17.3% of GDP (38.6% of total public expenditure).

	<p>As stated in the report (page 3, para 3.7): ‘<i>an impression has been created that the coalition Government is ‘territorialised’, is developing silos based on the allocation of Ministries to coalition Parties, and is taking too long to get started on the programme of prosperity, inclusivity and transparency the electors voted for.</i>’</p> <p>In addition the report and field findings show:</p> <ul style="list-style-type: none"> <li>(i) The lack of independence of the Parliament from the executive: whilst the 2013 Prasad report highlighted the quality of the Speaker and the difficulties of the Parliament in holding the Government to account and debate effectively on key policies, field findings in November 2014 show that the Parliament is effectively muzzled by the fact that the business committee which decides what will be tabled after the approval of the Speaker, is headed by the DPM.</li> <li>(ii) The inherent instability of the GoL when members of the Parliament/Ministers etc. switch political groupings quite easily. There are currently 18 political parties in Lesotho for a population of less than 2 million.</li> </ul> <p><i>Source: Prasad report April 2013, Prasad report July 2014, MN13, MN5, MN53.</i></p>
Overall	<p>The CSP indicated that the main lessons learned in recent past and present cooperation include the importance of institutional capacity building of all actors in the economy, and the necessity to address weaknesses in development management and financial management systems in the public sector.</p> <p><i>Source: CSP 2008-2013, p.16.</i></p> <p>Regarding the Budget Support modality (BS), the CSP stated that the EC had not realised the General BS under the 9<sup>th</sup> EDF, due to continuing weaknesses in GoL financial management.</p> <p>A Commission staff member, mentioned that EC had to make major change to the FA of the Budget support in water sector, due to coordination problem at the ministry and problems to understand the mechanism of BS (a couple of payment were necessary to understand the mechanism).</p> <p><i>Sources: CSP 2008-2013, p.18, MN 98</i></p> <p>According to the CSP, the groundwork for the reintroduction of macroeconomic BS had been laid in Lesotho. It also stated that BS was the GoL’s preferred funding instrument, “as it allows for the allocation of resources in accordance with its PRS”. The GoL was aware of the criteria that apply to this modality, notably in terms of improvement in PFM and defining a national policy development strategy.</p> <p>A Commission staff member also mentioned that BS was the GoL preferred modality. Furthermore, the modality was used in Lesotho also because it was the EU strategy, and because the conditions were right in the country (for instance, has highlighted in the CSP, macroeconomic and fiscal management had been satisfactory in recent years).</p> <p><i>Sources: CSP 2008-2013, pp.24&amp;29; MN 27</i></p> <p>Regarding Road Transport, the CSP indicated that TA should be focused in the implementation of the ongoing institutional changes in the sector due to the lack of technical and administrative capacity in the Ministry of Public Works and Transport.</p> <p><i>Source: CSP 2008-2013, p.17.</i></p> <p>The CSP noted notified that, in the Human development sector, the main implementing instrument would be project support.</p> <p><i>Source: CSP 2008-2013, p.28</i></p>
NSA/ decentralisation	<p>It is clear that in the support to NSA/decentralization account was taken of previous experience with implementing projects through “call for tender and grant modalities, e.g. around limited capability at local level and a limited ability to respond to tenders. This is evidenced by reference to the 8<sup>th</sup> EDF Micro-Projects Programme in the 9<sup>th</sup></p>



	<p><i>EDF LGNSP Financing Agreement 9850/LSO page 5 of the TAPs, and the subsequent DDNSP Financing Agreement.</i></p> <p>However the continuing challenges in developing capacity at decentralized level is highlighted in the most recent DDNSP ROM report. <i>Source: Deepening Decentralisation and NSA Support Programme ROM ID 283 – 774 ROM1921435 15<sup>th</sup> Nov 2013 Page 1</i></p>
<p>PRBS1 (FED/2008/021-005)</p>	<p>For preparation of PRBS which started in 2006, the DPs met with the MoF and with several line ministries engaged in the implementation of the PRS (health, education, agriculture, public service, local government and trade). The AM of the May 2006 joint mission noted that ‘Line ministries emphasised the need to ensure a clear and shared vision between the Ministry of Finance and Development Planning, implementing line ministries and development partners on the results to be achieved through an eventual budget support programme and the associated disbursement triggers. Line ministries whose sector programmes were at a more mature stage expressed a preference for sector support in the context of a SWAp. The Ministry of Finance and Development Planning has a clear role to play in explaining to line ministries how an eventual budget support programme could effectively support the delivery of programmes for which they are responsible.’</p> <p>In his mission report to the DG, the Commission staff who participated in the mission stated that the mission followed a recent change in approach from the GoL who considered, with the previous bad experience of BS under the 9<sup>th</sup> EDF that BS was ‘risky and burdensome’ (difficulties in implementing BS under 9<sup>th</sup> EDF, many reviews and reporting requirements under the IMF PRGF). Now GoL believes they need BS and the engagement of donors to underpin the reform programme. The GoL also expressed willingness to deal with DP as a group.</p> <p>The same mission report also states that PFM reform and PRS monitoring entail ‘regular and intensive contact between the GoL and DPs. (...) our Delegation is not geared up to participating in such intensive dialogue at present. This needs to be at the forefront of our thoughts when we come to consider the CSP: unless we can assure at least 50% of the time of an economic advisor and 100% of the time of a CA (both of whom should have the requisite background) in support of the design and implementation of such a programme, then it would be irresponsible to try.’</p> <p><i>Sources: Joint AM May 2006, Mission report 2 June 2006.</i></p>
	<p>The ADB is supporting the water and energy sectors but assessed that these sectors are not yet ready for SBS. For SBS ADB really need a very clear accounting and coordinating.</p>
<p><b>I 9.1.2</b></p>	<p><b>Financing modalities and implementation mechanisms have been assessed for their relative merits in achieving cooperation outcomes</b></p>
<p>Overall</p>	<p>The CSP stated that the GoL and EC recognized the complementarity role of and potential for contributions by the NSA to the development process. <i>Source: CSP 2008-2013, p.25.</i></p> <p>A Commission staff member mentioned that all the NGO projects run really well, but that the problem with these projects was at the contracting level. Actually, EIDHR money was often turned down because the EC couldn’t cope with the contracting part (processing, payment etc.), due to the lack of local staff. Things are getting better in the DUE. <i>Source: MN 030</i></p> <p>Regarding Infrastructure, the CSP stated that the main implementing instrument in water sector would be sector support and/or project support, as the sector was in the process of reviewing its water policy in view of Integrated Water Resource Management, and as the Development of a Sector-Wide Approach was under active preparation.</p>

	<p>The same document stressed that sector support was the intended implementation instrument for transport. However, conditions for this were not met fulfilled yet.</p> <p><i>Source: CSP 2008-2013, pp.28-29</i></p> <p>The CSP noted that support for trade development would focus on TA and/or studies required for the period after the EPA signature and would complement support provided under the SADC Regional Indicative Programme.</p> <p><i>Source: CSP 2008-2013, p.31.</i></p> <p>The CSP noted notified that, in the Human development sector, the main implementing instrument would be project support.</p> <p><i>Source: CSP 2008-2013, p.28.</i></p>
Local Governance and Non-State Actors support (FED/2007/020-797)	<p>ROM reports realised in 2009 and 2010 indicated as one of the efficiency problem the lack of (human) resources on the side of the NAO, which resulted in considerable delays in the monitoring and management of the grants. In 2010, the difficulties for the PMU to understand the EC financial procedures were also identified.</p> <p>The quality of the output was considered as good in 2009.</p> <p><i>Sources: ROM 125320.01, ROM 125320.02</i></p> <p>The 2013 EAMR indicated that the ALAFA programme was very successful in the fight against HIV/AIDS among textile workers.</p> <p><i>Source: EAMR 01/2013-12/2013, p.12.</i></p>
CBEP II (FED/2007/020-823)	<p>ROM reports realised in 2009 and 2010 indicated as efficiency problems, notably: recruitment issues, lack of trained NAO's staff (despite a good assessment of their needs), a lack of strong management and a risk that the project resources were diverted from their original objective to fill other gaps in the ministry of finance and development planning.</p> <p>According to the 2009 report, delays occurred in the realization of the outputs, but those realized on time were of a good quality.</p> <p>Sources: ROM 2009 et 2010</p> <p><i>Sources: MR-125321.01, MR-125321.02</i></p> <p>The ROM report (realised 2010) indicated as efficiency problems: delays in the implementation of the programme due to Changes in Long term technical assistance experts as well as a poor interest and ownership from the MFDP, and a lack of a clear work programme. Furthermore, the coordination capacities of the partner were weak.</p> <p>The quality of the output was considered as good</p> <p><i>Source: MR-125321.03</i></p>
WSSPSP (FED/2010/21644)	<p>The ROM report (realised in 2012) indicated as efficiency problems the lack of coordination between BS programmes, and weaknesses in the identification of risks. The report also identified limited resource and coordination, which resulted in weaknesses in data collection and reporting.</p> <p><i>Source: ROM 1553314</i></p>
TCF III (FED/2008/021-006)	<p>The ROM report realised in 2010 indicated as one of the efficiency problem the lack of staff and capacities, which resulted in difficulties for the programme to reach its targets and in monitoring deficiencies. Furthermore, due to high EC standards the potential beneficiaries of the programme preferred to find other funding sources.</p> <p>The quality of the output was considered as variable.</p> <p><i>Source: ROM 135461.01</i></p>
PRBS1 (FED/2008/021-005)	<p>In the 10<sup>th</sup> EDF BS was proposed and adopted following a very strong push from Brussels: there was no discussion possible, it was trying to translate the decision into</p>

	<p>a practical approach. The operation was the more risky that the instrument had already failed once in Lesotho (BS was stopped in 2004).</p> <p><i>Sources: MN17, MN45</i></p>
<b>I 9.1.3</b>	<b>Evidence that the set of aid modalities evolved in time to reflect changed institutional capacities of GoL/beneficiary agencies rather than changed policy priorities in HQ</b>
Overall	<p>According to the CSP, the shift from project assistance to BS entailed a disciplined and sustained effort from the GoL to achieve the indicators agreed with donors and the strengthening of national reporting systems.</p> <p>The application of 35% of the A envelope of the 10<sup>th</sup> EDF to GBS of Government' national development agenda in the EC response strategy was based on the assumption of satisfactory progress in these indicators and in the action plan to achieve them.</p> <p>A Commission staff member mentioned that BS was used in Lesotho because the conditions were right in the country (for instance, as highlighted in the CSP, macroeconomic and fiscal management had been satisfactory in recent years).</p> <p>A Commission staff member specified that it is the intention of the Commission to use BS where eligibility criteria are met.</p> <p>Implications of the shift from projects approach to SBS have been stressed by a Commission staff member. With projects, the EC was scrutinising funds being spent (to the extent of being very micro and if it didn't follow the procedures they would have to repay), while with SBS it was totally different, and neither the DUE nor the GoL were prepared.</p> <p>A Commission staff member mentioned that Projects still had their role to play. For instance, the water facility was a good instrument to test out new things in the water and sanitation before taking nationwide the good approaches.</p> <p><i>Source: CSP 2008-2013, p.24, MN 27, MN82</i></p>
NSA	<p>One issue is that institutional capabilities of GoL appear to have changed little during the evaluation period. For example in the context of decentralization:</p> <p>“There has been debate for many years in Lesotho over an effective decentralization process. Since 2000 support has come from external sources including the World Bank, Dfid, EU and GIZ none of which has produced conclusive results. Indeed a recent diagnostic analysis (October 2013) indicates that little has been achieved apart from indications on how to proceed in future”.</p> <p>The same ROM report observes that:  “Whilst the Country Strategy Paper 2008-13 does not consider NSAs and decentralization as focal sectors both are included in the section considering them for funding outside the priority areas. The project is also in line with the EU 2011 'Agenda for Change' which specifically refers to the need to target two priority areas one of which is democracy and other key elements of good governance. Good governance by implication includes a sound decentralization policy as espoused by the Lesotho government. Furthermore the intervention fits neatly into the EU Consensus for Development of 2005 which again focuses on poverty reduction and good governance”.</p> <p>These indicate that the EU is seeking to balance HQ priorities with national needs and capability assessment, in an environment where policies (e.g the policy on decentralization which was formulated in 1997) can be slow to implement, and where the effectiveness of donors in supporting these policies has had limited effectiveness</p>

	<i>Source: Deepening Decentralisation and NSA Support Programme ROM ID 283 – 774 ROM1921435 15<sup>th</sup> Nov 2013 Page 2</i>
PRBS1 (FED/2008/021-005)	In the 10 <sup>th</sup> EDF BS was proposed and adopted following a very strong push from Brussels: there was no discussion possible, it was trying to translate the decision into a practical approach. The operation was the more risky that the instrument had already failed once in Lesotho (BS was stopped in 2004).  <i>Sources: MN17, MN45</i>
<b>JC 9.2 The EU has looked for complementarity when designing interventions under different financing instruments</b>	
Social protection	There was an important gap linking BS with other interventions in order for partner to be able to hold GoL accountable for the use and prioritization of these funds.
<b>I 9.2.1</b>	<b>Programming documents (CSP/NIP) explicitly refer to maximising complementarities between interventions under different financing instruments</b>
<b>Overall</b>	The CSP indicated that the implementation of the EC's cooperation strategy with Lesotho would be financed from several instruments.  The CSP noted that support for trade development would focus on TA and/or studies required for the period after the EPA signature and would complement support provided under the SADC Regional Indicative Programme. There is no reference to maximisation of complementarities between interventions under different financing instruments in the CSP.  <i>Source: CSP 2008-2013, p.26, 31.</i>
<b>I 9.2.2</b>	<b>AF/FA explicitly refer to other interventions undertaken either in the same or in other sectors/areas so as to promote complementarities and synergies between interventions</b>
	No evidence was found
<b>I 9.2.3</b>	<b>Views of stakeholders on complementarities achieved within Commission interventions</b>
Humanitarian Aid	The problem from the humanitarian side is that budget support has no visibility. It is needed to join the different portfolio, so that the funding given to government support can be leveraged. The humanitarian community should be able to ask for accountability on this money. One example is the 2013 misuse of funds by GoL highlighted by the lack of oxygen in the hospitals. More transparency on what the donors are giving as budget support is needed. The budget support could be further enhanced by having a stronger collaborative strategy. GoL acknowledges that they have a chronic issue that needs a purposeful resilience based response over a number of years, and despite the donors pretending they want to promote resilience, they still don't fund it enough, especially considering the insufficient complementarity between ECHO and the development side of the EU.  <i>Source MN 410</i>
Overall	A Commission staff member mentioned that collaboration between EDF and DCI is not easy ("different instruments, different procedures") <i>Source: MN 098</i>  A Commission staff member mentioned that Projects still had their role to play. For instance, the water facility was a good instrument to test out new things in the water and sanitation before taking nationwide the good approaches.  <i>Source: MN 082</i>
<b>CJ 9.3 GBS and SBS have each made clear contributions to improved policy processes and improved performance in PFM, social protection and water that could not have been achieved with other instruments</b>	
Social protection	The shift between project support towards BS for the CGP was well planned and worked out at GoL did take in charge the costs of the CGP. It would be unrealistic to expect the GoL to continue its full commitment without the BS support instrument.

	<p>However the dialogue on the BS support allocation needs to be more transparent with partners.</p>
Water	<p>“The EU Water SBS has not been provided (hence not utilised) specifically. In fact SBS funds have not been made available (!) and means to reach the targets under the SBS indicators were covered with the help of MCA funded programme (!), including a TA based at COW office. EU SBS made not much difference in the activities and they were quite happy to be funded by the MCA to achieve the conditions for the release of the various SBS tranches. MCA performed under a project approach that they consider in this case as more appropriate. No additional funds to the annual budget ceiling were provided by the MoF. They agree for a BS approach from the EU but then it should be a general budget support with few indicators for few different sectors.”</p> <p>“SBS is easier but WASCO did not receive the expected support: WASCO planned for it and never received it. WASCO was a part of everything but never received anything, so never reached their targets. There was an agreement with MoF with a financial plan per year on what had to be done with the money and the output indicators and the objectives.</p> <p>On urban water supply, WASCO was promised that when they perform well then they will be provided with the funding to do the planned works such as reticulation extensions. WASCO never received the money for 2-3 consecutive years, no additional resources received such that they couldn't implement the works planning in full because of this.”</p> <p>“For EU (and IDA) the contracting authority is the CoW (main financial partners are EU, EIB, WB, BADEA, Saudi, OPEC, AfDB, MCC. When loans are involved then WASCO has to pay the related interests.”</p> <p>“In future BS should be given straight to WASCO or at least funds should follow the national procedures. The 9th EDF projects were relevant but time and money has been lost due to long delays in procedures (EU path) or unavailable funds when implementation stage started.”</p> <p><b>“The feeling on SBS is less confident. It is true that the coordination in the sector has been improved and information between stakeholders is more effective but SBS added a load of work to follow and prepare the reports: no additional funds from GoL to perform this cumbersome amount of papers and reports.</b> Indicators to be fulfilled is time consuming and very challenging. It is difficult to meet the targets of the indicators that were suggested (not imposed) by the EU on design stage. Maybe there was a lack of understanding from the GoL when the indicators were agreed for SBS. The challenge was not really understand by officials. At design stage not only ‘politicians’ should be involved but also a larger number of responsible, mainly those who will be in charge of gathering the data: problem of the relevance of people who discuss the SBS. Preparation must be more extensive”.</p> <p>“The SBS approach led to many confusion and misunderstanding: comprehension that no additional funds are provided to the sector from which significant efforts are requested caused some disappointment amongst the existing GoL sector services: no additional funds, only more work to achieve. <b>Project approach is preferred and if BS is chosen again, then general budget support seems more adequate, this to spread/equalize the burden and resources between stakeholders.</b> Projects also give more employment to Lesotho. You don't see much about SBS, don't know where the money goes.”</p> <p><i>Source: MN 303/22, MN305, MN302</i></p>
	<p>Comparison of the results of previous analysis, e.g.:</p> <ul style="list-style-type: none"> <li>• value-added of BS in social protection, see JC 4.5, last indicator</li> <li>• value-added of BS in W&amp;S, see JC 5.1 and 5.2, last indicators</li> <li>• value-added of BS in PFM and wider national policy capacities in JC 6.3, 6.3 and 6.5.</li> </ul>

Information sources
Programming documents Evaluation reports ROM Interviews PFM monitoring reports Sector reports and reviews
Analytical methods
Documentary analysis Interviews

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## Social protection

<b>Intervention Title</b>	<b>Support Programme to Orphans and Vulnerable Children - Phase 2 (2012-2014)</b>
<b>Country / Region</b>	Lesotho
<b>Commission Ref.</b>	<ul style="list-style-type: none"> <li>▪ Decision number: CRIS Decision n°2009/22095</li> <li>▪ Contract number(s): FED/2011/282-539</li> </ul>
<b>EC aid modality</b>	Stand-alone project approach
<b>Intervention Start date &amp; End date</b>	01/12 -12/14
<b>Budget</b>	<p>Planned: Committed: € 10M (as of 09/10) Contracted: € 9,8M (as of 26/1/12) as per contribution agreement (financial agreement on 16.12.11 for 10M euros) Disbursed: € 4001 719 (as of 24.01.13) according to UNICEF financial report Jan 12-13.</p>
<b>Main stakeholders</b>	<ul style="list-style-type: none"> <li>▪ Donor(s): European Commission, GoL</li> <li>▪ Implementing agencies: UNICEF in technical support to GoL (Department of Social Welfare DSW) with World Vision as implementing partner to UNICEF up to 2013.</li> <li>▪ Direct beneficiaries: Orphans and Vulnerable Children (OVC) and their households (2012) for the Cash Grant Transfer, GoL (DSW) for the capacity building activities, actors in the OVC sector for the coordination activities (first phase)</li> <li>▪ Final beneficiaries: Orphans and Vulnerable Children (OVC), their households and the supporting communities as per selection of community councils in all 10 districts of Lesotho.</li> </ul>
<b>Intervention Description</b>	<p>The Support Programme to Orphans and Vulnerable Children II, is the second phase of EC support to social protection programme in Lesotho and a pilot. The Government of Lesotho has committed itself to promote social cash transfers as a socio-economic intervention to empower OVCs and their caregivers. The action is implemented by the Ministry of Social Development (MSD) with the technical assistance of UNICEF. World Vision Lesotho is an implementing partner supporting community mobilization and beneficiary targeting (up to 2013). It gives holistic support to OVC (access to health, education, food security, etc.) and has managed a Cash Grant Programme (CGP) which provides direct cash transfers to households taking care of OVC. It also supports the consolidation of a policy framework and a social protection strategy. (ROM1921425)</p> <p>As per Action Fiche 2012-2014, complementarity with the EU General Budget support and other Social Safety Nets (SSNs) like the Public Assistance Scheme, OVC Bursary Scheme, School Feeding Programme and Old Age Pension Scheme is also sought as a mean to provide for the initial investment costs/operational efficiency. The establishment of a common national database called NISSA National Information System for Social Assistance and drawing from a complete census is envisioned, if collectively utilized, to enhance operational efficiency and enable greater financial viability of public funding of all SSNs. However the latest OPM CGP (2014) costing study shows that a census approach would not be financially sustainable and provide advices on an affordable social protection package. In June 2014 a pilot was being drafted to introduce beneficiary co-responsibilities/compliances linked to cash transfers to encourage participation and expand the use of health and educational services. It envisions to create more accountability on the supply side of service while however not directly supporting the capacity of those.</p>



<p><b>Programme Background &amp; History</b></p>	<p>The Government of Lesotho's (GoL) "Vision 2020", complemented by the National AIDS Strategic Plan (1999, revised 2009) and the National OVC Strategic Plan 2006-2010 places an emphasis on addressing children's needs, in particular Orphans from the HIV/AIDS pandemic.</p> <p>The EU supported a Phase I of the project named "Support to Lesotho HIV and AIDS Response: Empowerment of Orphans and Vulnerable Children" (OVCs) which started in April 2007 and finished in December 2011 for 11.35 M euros.</p> <p>The main focus of the phase I of the project was to build capacity in caregiver groups at community level, to enable them to support OVCs, including psychosocial support, HIV/AIDS prevention and access to small grants for material support. The intervention was multisector covering Health, Food Security, and Education notably. However, according to OPM Final report evaluation of the program, due to "unrealistic assumptions", the project was revised in 2009 although the intervention logic remained a weak point (<i>OPM final report eval p. ii</i>). Nevertheless, at the end of the first phase, the project had achieved many of its targets despite important capacity constraints. (<i>OPM final report eval p. v</i>)</p> <p>During Phase I, the DSW conducted an "Economic and Operational Assessment of Social Protection in Lesotho" (<i>Reference action Fiche</i>) and engaged in the process of preparing a Social Protection Strategy as part of the National Strategic Development Plan (NSDP).</p> <p>The EU agreed with the GoL to fund a second phase of the project to run from 2012 to 2014. The project proposal integrated recommendations from the evaluation (OPM final report eval pVI), notably to ensure that the CGP is fully integrated within DSW through full ownership of the programme by the Government. In addition, the Action Fiche 2012-2014 clearly recognized concerns on the use of financial resources as raised by the 2010 ROM and highlighted the pilot quality of the project.</p>
<p><b>Overall objectives</b></p>	<p>To reduce child poverty and improve the human development situation of communities supporting orphans and vulnerable children in Lesotho in order to mitigate the impact of HIV and AIDS.(PIF)</p>
<p><b>Specific objectives</b></p>	<p>To answer forms of child vulnerability through adequate provision of quality child and gender sensitive social protection measures where Cash Grant Programming would be the lead intervention to strengthen linkages with other independent programmes, in order to ensure the OVC's rights to survival, development and safety.</p>
<p><b>Expected results</b></p>	<ol style="list-style-type: none"> <li>1) Through the Child Grants Programme (in 2012) the most immediate and pressing aspects of child poverty are alleviated and allow for some of the basic needs of OVC to be met such as food and nutrition, school uniforms, and indirect costs to access available social services. It targets 52500 Households and 157500 OVC (as per consolidated figures from OVC2 Annex 3).</li> <li>2) Capacity of the GoL at various levels is strengthened, and in particular within the DSW, to facilitate an autonomous implementation of CGP activities from 2013.</li> <li>3) Coordination and networking is improved for all actors in the OVC sector (inter-governmental coordination will be improved through support to DSW, specific participating ministries and to the NOCC as a whole). <i>Reference ROM1921425</i></li> </ol>
<p><b>Main Activities</b></p>	<ol style="list-style-type: none"> <li>1) <u>Further systems development and operational expansion of the CGP.</u> Under this activity, the project aims at expanding the coverage to selected community councils in all 10 districts of Lesotho. A Management Information System and comprehensive Social Protection Strategy would be developed/fine-</li> </ol>

	<p>tuned.</p> <p>2) <u>Technical assistance and capacity building provided by UNICEF to DSW.</u> A CGP takeover roadmap is developed with DSW operating the CGP (cash transfer program) autonomously from 2013-2014 being expected. Leadership, operational management, coordination, policy development and financial/risk management on the part of DSW is being strengthened. The project supports the GoL in their efforts in preparing a comprehensive social protection strategy.</p> <p>3) <u>Involvement of NSAs to support CGP delivery.</u> The inter-governmental coordination would be improved through support to DSW, specific participating ministries and to the National OVC Coordinating Committee (NOCC). NSAs are subcontracted to provide the required capacity at local level for the effective delivery of the CGP.</p>
<b>Main achievements</b>	<p><u>Result 1</u></p> <p>The project is ongoing in 2014 and a new pilot is being drafted from June 2014 on. The UNICEF Interim Narrative Report for January 2012-2013, the ROM1921426 and the OPM draft Impact evaluation follow-up 2014 report are the main sources of information in regards to achievements.</p> <p>OPM follow-up report established a baseline in 2011 to measure quantitatively impact at household level in 2013, including comparison with control groups. It complemented qualitative fieldwork and cost information analysis from partners.</p> <p>In the span of less than 5 years, the CGP has enrolled 20000 beneficiary households (50 000 children) to which it is providing payments till now.</p> <p>From April 2013, the transfer value was indexed, to cover 21% of household monthly consumption instead of the 14% initially designed (OPM evaluation report p v).</p> <p>As an emergency response to the poor harvest, a Food Emergency Grant was disbursed to CGP beneficiaries in 2012-2013 in addition to the CGP grant which showed a positive triggering of the CGP to address crisis.</p> <p>Inclusion errors were estimated at an acceptable rate of 26% showing that the targeting system (using means test and community validation) was effective (OPM evaluation report p vi).</p> <p>The 2013 LEWIE (local economy-wide impact) evaluation indicated that total income impacts significantly exceed the amounts transferred under the programme: "By stimulating demand for locally supplied goods and services, cash transfers have productive impacts, mostly in households that do not receive the transfer." The fact that inflation was partly triggered by the process provided the base for FAO exploration of a pilot topping up cash grant with agricultural support (2014).</p> <p>Qualitative research showed that the message that the cash grant (which is unconditional cash) was to be spent on children was strongly relayed by social development officers, Village Assistance Committees (VAC) members, chiefs and the wider community providing a level of control on the use of the money by beneficiaries (OPM evaluation report p vii). This was confirmed by measures on the consumption level. However there has been no synergies exploited with the use of media or to pass behavioural messages such as HIV/prevention or nutrition.</p> <p>Indeed, the program contributed to an increased level of expenditures on schooling, clothing (including school uniforms) and footwear for children.</p> <p>Nevertheless it was not possible to conclude that the CGP had a statistically significant impact on poverty (OPM evaluation report pvii).</p> <p>The CGP improved food security for children by reducing the number of months during which households experienced extreme shortage of food. However the gains on dietary diversity were mainly concentrated around pay dates (OPM evaluation report p vii). It had a large impact on children's enrolment in school, particularly for boys which are one of the group most at risk for drop out.</p>

	<p>The CGP did not have an effect on access to health facilities although it contributed to a reduction of morbidity for children 0-5 years old, the reason for which is maybe linked to better clothing protecting from cold and contracting of respiratory diseases (OPM summary impact eval p8). The study did not collect anthropometric information to assess child nutrition.</p> <p>There was no evidence on a reduction on child labor.  <i>(Nadia Zuodar: a possible inference could be that the CGP enable poor household to enrol their children by providing for the school uniform and material, but was insufficient to compete with child labor obligations especially for pastoral activities).</i></p> <p>OPM reports (p ix of impact evaluation) a significant reduction on food and health deprivation on children 0-5. <i>(Nadia Zuodar: health positive result may be mainly due to increase of birth registration as otherwise the link between CGP and access to health services was not observed).</i></p> <p>The CGP did not have an impact on the level of employment but occasional/irregular jobs engagements were reduced (OPM impact eval p X).  The CGP possibly with the multiplication effect of the FEG increased beneficiary households productivity in agriculture (no impact on livestock activities).</p> <p>The CGP strengthened the informal sharing arrangements in the community (food). Households seemed more resilient and less prone to negative coping mechanism, however the grant did not enable productive investment of asset accumulation.  Finally as per ROM 1921426 p8: the National Information System for Social Assistance collected data on 102,000 households in Lesotho with 500, 000 persons in 37 Community Councils in Lesotho, depicting 25% of the total population of Lesotho. This registry has been used in mapping and targeting for the government social protection programme in early 2013 to respond to the food crisis in Lesotho.</p> <p><u>Result 2</u>  Over the 5 years covering phase I and II, the government has taken up a significant fraction of the costs, increasing its ownership and is planning to do a nation-wide expansion of the CGP and the NISSA.  The Draft 0 of the National Social Protection Strategy was issued in January 2014.</p> <p><u>Result 3</u>  The NOCC held quarterly meetings in 2012 and a consolidated work plan could be used (UNICEF narrative report 12.13 p17). World Vision was engaged as a Non State Actor to provide community level support for effective service delivery for OVCs and ended its support in December 2013.</p>
<b>Main difficulties</b>	<p>According to OPM impact evaluation report, the programme experienced a number of implementation challenges. Payments have been irregular time and value wise undermining the sense of predictability of the CGP amongst beneficiaries. The program operates through manual payment systems in remote areas and requires beneficiaries to spend on average 3 hours travelling to and from the pay point on foot. One of the reason for delayed payments was that the DSW was unable to consistently prioritize the procurement needs of the project (ROM1921426p5), which improved when the ministry managed to have its own procurement unit.</p> <p>Reorganization of the government also affected the project, which was directly under the Ministry of Health and Social Welfare in the previous Government. The current government created the Ministry of Social Development, which was considered a plus for the project (ROM 1921426p5) but also resulted, concomitant with the formation of a new government, in delayed approvals and other administrative measures. The challenges posed by a multi-party government is identified in ROM 1921426 p9 as one of the main external constraints for the project.</p> <p>The role of the VAC was not clear for the majority of recipients. There is no</p>

	<p>complaint mechanism.</p> <p>In 2012 efforts to improve coordination where halted due to the end of partnership with the Letsema Network.</p> <p>Issues on leadership and management capacity within MOSD (UNICEF narrative report 12-13 p 20).</p> <p>The absence of support on the service supply side rendered the foreseen expansion of the use of health and educational services unachievable (new pilot drafted in 2014 to address this challenge).</p> <p>With the issues of the National Social Protection Strategy and its costing simulation in 2014, it also appeared obvious that the absence of exit strategies such as graduation mechanisms, referrals or productive safety nets linkages render the project more costly with time and growing caseload. Besides the prevention on the root cause of child vulnerability (HIV/Aids prevention for example) is not addressed through the project.</p> <p>While the latest OPM CGP (2014) costing study has provided concrete operational advise on how to keep the NISSA costs at check, the willingness on the government side to adopt the recommendations is yet uncertain in 2014.</p>
<p><b>Documentary sources</b></p>	<ul style="list-style-type: none"> <li>▪ Action Fiche, Annex 1-FA, Annex 2 TAPS, FCS checklist on AF, AAP 2011 submission by HOD, Field visit report July 2013, Field visit report with NAO September 2012, Final report evaluation empowerment of OVCs, Financial report Jan 2012 Jan 2013, High level visit report with HoD and PM Oct 2013, PIF, NAO Approval, Narrative report Jan 2012 Jan 2013, Signed circulation sheet and routing slip, Signed contribution agreement with annexes, Signed FA, Summary impact evaluation report, Draft annexes to AF, ROM1921425, ROM1921426</li> <li>▪ Draft 0 of the National Social Protection Strategy January 2014; SSN Pilot proposal Final Design December 2013, CCT operations manual final June 2014, Lesotho NSPS Cost estimates May 2014, OPM NISSA design and review July 2014, CGP costing study March 2014, Lesotho LEWIE 2013, OPM CGP impact evaluation follow-up report March 2014</li> <li>▪ Meeting notes (401-410)</li> </ul>

<b>Intervention Title</b>	<b>ECHO/LSO/EDF/2012/01000 - Humanitarian food assistance for populations affected by floods in Lesotho</b>
<b>Country / Region</b>	Lesotho/ highlands and lowlands of the Senqu River Valley (Quthing and Mohale's Hoek districts)
<b>Commission Ref.</b>	Decision number: ECHO/LSO/EDF/2012/01000 <ul style="list-style-type: none"> <li>▪ Contract number(s):</li> </ul>
<b>EC aid modality</b>	<i>Project approach</i>
<b>Intervention Start date &amp; End date</b>	Nov 2011-April 2012 (6 months)
<b>Budget</b>	Planned: Disbursed: € 1,5Million (as of 2012)
<b>Main stakeholders</b>	<ul style="list-style-type: none"> <li>▪ Donor(s): ECHO</li> <li>▪ Implementing agencies: WFP with partnership/implementing collaboration with WVI, Send-A-Cow, FAO, Ministry of Forestry and Land Reclamation</li> <li>▪ Direct beneficiaries: people affected by flood in the Senqu River Valley (40000)</li> <li>▪ Final beneficiaries: the same and their communities as beneficiaries from the asset/work activities</li> </ul>
<b>Intervention Description</b>	<i>The intervention provided food assistance in the form of food for work/assets mainly to vulnerable population affected by the floods.</i>
<b>Programme Background &amp; History</b>	<p>As per the EC Humanitarian Aid Decision F10 supporting document, between December 2010 and February 2011, Lesotho experienced extremely heavy rainfall, with the amounts received during these two months equivalent to 6 months of normal rainfall, which resulted in serious floods.</p> <p>A nationwide rapid assessment was conducted by the Government of Lesotho (GoL) through its Disaster Management Agency (DMA) and revealed losses in livestock, agriculture, infrastructure damage resulting in lack of access to health facilities and markets. The overall estimated damage was USD 66.1 million, equivalent to 3.2% of the GDP.</p> <p>A Post Disaster Needs Assessment (PDNA) was conducted in March/April 2011 by the World Bank, UNDP and the government which confirmed that Lesotho would face a food security crisis for the second half of 2011.</p> <p>The annual Lesotho Vulnerability Assessment Committee (LVAC) assessment conducted in June 2011 forecasted that 514,000 poor and very poor people (102,800 households) would be food-insecure and would require humanitarian assistance in 2011/2012, particularly during the lean season.</p> <p>The national emergency response and contingency plans estimated a total resource requirement of USD 95.7 million to address the immediate and medium term impacts of the heavy rains.</p> <p>WFP launched an Emergency Operation (EMOP200367) targeting 40,000 people. A collaboration with FAO was set up for FAO to ensure that farmers would have access to seed and farming inputs. The proposed DG ECHO covered 65000 people and was looking at both food security relief and recovery phase. It was recognized that while Lesotho suffers from a number of environmental and weather related hazard, the vulnerability were structural and necessitated long time view. It was hoped that a LRRD strategy would kick in after the operation.</p>
<b>Overall objectives</b>	To provide humanitarian assistance to the most food insecure population in Lesotho following the 2011 floods.
<b>Specific objectives</b>	To reduce food insecurity and improve nutrition security of the most vulnerable population (65,000 people living in the highlands and lowlands of the Senqu River Valley in Quthing and Mohale's Hoek districts who are indicated as critically food-insecure by the LVAC).
<b>Expected results</b>	Food distributed in sufficient quantity and quality to target groups of women, men, girls and boys under secure conditions.
<b>Main Activities</b>	Food assistance, including distribution of food aid, food-for-work, cash-for-work,

	<p>provision of agricultural inputs and training. A field level agreement was signed with WVI to undertake distribution and monitoring, while the Ministry of Forestry and Land Reclamation provided technical support to FFA participants during the land and water harvesting activities.</p>
<b>Main achievements</b>	<p>According to the WFP SPR 200367 all the targeted beneficiaries were reached. FFA activities included gully rehabilitation, creation of community woodlots and tree plantation with technical expertise from the Ministry of Forestry and Land Reclamation. In addition, through a partnership with the NGO Send-A-Cow, a number of households benefitting of GFD in three centers in Quthing district, also received small livestock such as chicken and rabbits as a way to promote their livelihood. The support was complemented with the construction of keyhole gardens to diversify WFP's food basket and improve the nutritional status of beneficiaries.</p> <p>The community and household surveillance (CHS) exercise that was originally required to provide outcome indicators could not be conducted due to political campaigns for May 2012 elections and security concerns that resulted in its cancellation.</p> <p>The CHS would have provided information on food consumption and dietary diversity to analyze WFP programme effectiveness.</p> <p>However, data collected during post distribution monitoring indicated that households used most of the commodities for consumption. Sharing food practices may have resulted in insufficient rations though.</p> <p>As a good practice, WVI established help desk mechanisms at each food distribution point to address all beneficiaries' complaints, which often allowed to overcome bottlenecks (WFP SPR 200367).</p> <p>In terms of community assets, the SPR reports the construction of 9HA of community woodlots (75% of the target), 2 HA of gully land reclamation (66% of the target)</p>
<b>Main difficulties</b>	<p>The absence of LRRD, the Ministry of Forestry and Land Reclamation did not have sufficient resource and capacity for a hand over to be effective. The duration of the projects was too short to have a lasting impact on resilience.</p> <p>Activities under FFA were designed and aligned with ongoing government initiatives aimed at improving the country's capacity to manage disaster risk and create a safety-net to address chronic food insecurity. Nevertheless, the ministry did not have sufficient resource and capacity for a hand over to be effective. Delayed contributions and the short duration of the project resulted in some of these activities, such as the land reclamation work, not being fully completed. WFP intended to use its upcoming five year country programme for continuity of the community projects but challenges in funding meant that this was seldom the case.</p> <p>Till the draft of the National Social Protection Strategy in 2014 and the options presented by the WB safety net report in 2013, there has been not strategic impulse on the side of ECHO, other donors or the government to build functional productive safety nets and look for exit strategies, graduation and referral for beneficiaries benefiting from social protection assistance.</p>
<b>Documentary sources</b>	<ul style="list-style-type: none"> <li>▪ As per the EC Humanitarian Aid Decision F10 supporting document, Draft commission decision</li> <li>▪ WFP EMOP 200367</li> <li>▪ WFP 200367 SRF</li> <li>▪ WB « Lesotho a safety net to end extreme poverty » June 2013, HPN 62 p 34 “ using social protection systems to implement emergency cash transfers: the case of Lesotho”, Lesotho National Social Protection Strategy Draft 2014, Lesotho Resilience Framework 2014</li> <li>▪ Meeting Notes (401, 402, 403, 408, 410)</li> </ul>



## Rural water and sanitation

<b>Intervention Title</b>	<b>Lesotho Water and Sanitation Sector Policy Support Programme LWSSPSP (CRIS 021/644)</b>							
<b>Country / Region</b>	Lesotho							
<b>Commission Ref.</b>	Decision number: 10 ACP LSO 004 (EDF X) Agreement number: LS/FED/21644 (CRIS 021/644)							
<b>EC aid modality</b>	Sector Budget Support Programme (centralised management)							
<b>Intervention Start date &amp; End date</b>	PIF signed October 2008 FA initiated in June 2009, signed on 28th March 2011 60 months after FA signature, extended to 72 months by rider #1 (May 2013) Final date of execution 28 March 2016 (extended to 28 March 2017 by rider #1)							
<b>Budget</b>	Initial: 32 M€ (31.150 M€ as Budget Support and 0.50 M€ as Complementary Support) (28,1 % of NIP)							
	(Amounts in M€)	FY 11/12*	FY 12/13*	FY 13/14*	Total	Proportion		
	Fixed tranche	6.5	6.5	6.5	19.5	61%		
	Variable tranche		6	6	12	38%		
	Total SBS	6.5	12.5	12.5	31.5	98%		
	TA monitoring & sector dialogue	0.1	0.2	0.1	0.4	1.3%		
	Evaluation			0.1	0.1	0.3%		
	Total programme	6.6	12.7	12.7	32	100%		
	<i>*Disbursement is foreseen for the first quarter of the Financial Year following the Joint Review.</i>							
	Rider #1 (May 2013) budget increased +6,8 M€ (transfer from transport) Total: 38,8 M€ (Budget support 37 M€ / Complementary support 1,7 M€ / Evaluation 0.1 M€)							
	Amount in M€	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	Total	Proportion
	Fixed tranche	6.5	6.5	6.5	3.0	0	22.5	57.98%
	Variable tranche	0	0.0	6.0	3.5	5	14.5	37.38%
	Total SBS	6.5	6.5	12.5	6.5	5	37.0	95.36%
	TA monitoring & sector dialogue	0.1	0.2	0.6	0.5	0.3	1.7	4.38%
	Evaluation			0.1			0.1	0.26%
	Total programme	6.6	6.7	13.2	7.0	5.3	38.8	100%
	<ul style="list-style-type: none"> <li>• 1st fixed tranche 6,5 M€ paid 5th October 2011 (disbursement decision 26 July 2011) (FY 11/12)</li> <li>• 2nd fixed tranche 6,5 M€ paid 19th December 2012 (FY12/13)</li> <li>• 3<sup>rd</sup> fixed tranche 6,5 M€ and 90% of 1<sup>st</sup> variable tranche (5.4 M€) (total 11.9 M€) paid in November 2013 (FY13/14)</li> </ul>							
<b>Main stakeholders</b>	Government agencies => directly (MoNR and affiliated parastatals) or indirectly (Ministry of Agriculture and Food Security, Ministry of Forestry and Land Reclamation, Energy Dept., LNDC <sup>1</sup> , Ministry of Trade, Ministry of Health and Social Welfare) involved in the sector, NGOs Lesotho Water Partnership and Transformation Resource Centre Technical Assistance to monitoring and sector dialogue as well as for undertaking the foreseen evaluation provided directly under centralised management (FWC).							
<b>Intervention</b>	Sector Budget Support to the Government, and in particular the MoNR in implementing its							

<sup>1</sup> Lesotho National Development Corporation in charge of developing industrial zones on behalf of the Ministry of Trade.



<b>Description</b>	Water and Sanitation Sector Strategy 2010-2012. This should be achieved by increased investment in water supply and sanitation systems targeting the poor and into capacity development.
<b>Programme Background &amp; History</b>	<p>The EC is a key stakeholder in Lesotho's water and sanitation sector, which has been a focal area in Country Strategy Papers (CSP) in both 2003-2007 and 2008-2013. During the preparation for a SWAp it became clear that the Government and donors consider Sector Budget Support (SBS) as the most effective way to support sector policy implementation and the policy reforms already underway. In 1999 the Government embarked on a Water Resources Management Policy to reform its fragmented water sector. Most of the reforms made considerable progress, but were not fully completed. The Water Law of 2008 formalized the mandate of the Commissioner of Water (CoW) as custodian of water resources development and management in Lesotho. It provides a sound legal framework for the implementation of the policy and the sector's Integrated Water Resources Management Strategy (IWRMS).</p> <p>Lesotho met the criteria for the provision of SBS as set out in Article 61(2) of the Cotonou Agreement:</p> <p>(1) Well-defined, cabinet-endorsed sector policy is in place and being implemented. The policy refers to and is in line with the National Development Policy. For the FYs 2010/11 to 2012/13 implementation of the policy is planned through the "Interim Water and Sanitation Sector Strategy" endorsed so far by the Ministry of Natural Resources.</p> <p>(2) The Government is pursuing a stability oriented and sound macroeconomic policy. The fiscal situation will be stabilised through use of reserves, increased donor support and a new IMF programme. The macroeconomic policies of the GoL have been sound and stability-oriented since the establishment of a democratic Government in 2002.</p> <p>(3) Lesotho's PFM system is marked by an on-going reform process as one of the three elements of its Public Sector Improvement Reform Programme (PSIRP). (i) a Public Financial Management and Accountability Bill has been drafted; (ii) an "IFMIS" Integrated Financial Management Information System, funded by the EU, is in place; (iii) a new Public Procurement Regulations was adopted in 2007; (iv) a steady roll-out of a medium term perspective to budget planning including the establishment of a medium term fiscal framework with three year expenditure ceilings being provided to Ministries.</p>
<b>Overall objectives</b>	The overall objective of this Sector Policy Support Programme SPSP is to make a substantial contribution towards Lesotho's efforts to achieve MDG 7 regarding access to safe water and sanitation. Additionally it will support critical Vision 2020 provisions leading to poverty alleviation, sustainable development, and improved health through a significant increase in reliable access to sustainable water and sanitation services based on the principles of IWRM.
<b>Specific objectives</b>	Specific objective is to support the Government, and in particular MoNR through the CoW's Office, in implementing its sector policy on the basis of the new Interim Water and Sanitation Sector Strategy 2010-2012. This should be achieved by increased investment in water supply and sanitation systems targeting the poor and into capacity development in the Office of the CoW, the DRWS, the DWA and the envisaged new institutions.
<b>Expected results</b>	The Program aims at obtaining the following key results: (i) coordination capacity of the Office of the CoW strengthened (also addressing monitoring function, clarification of institutional responsibilities and capacity development); (ii) Delivery of water supply and sanitation services in urban and rural areas improved. (iii) Sector dialogue enhanced leading to a more effective utilisation of resources.
<b>Main Activities</b>	Activities include improving, through technical assistance, provision of hardware/software and training, the effectiveness of sector coordination and regular sector monitoring and feeding in data to the National water Sector Information Management System. Further is the engagement of technical expertise planned to develop coordination mechanisms and assist sector institutions to fulfil their roles in the sector as requested in the Water Act 2008. With support of Irish Aid a Human resources Development Plan will be prepared. The World Bank is extending its support to the Commissioner for Water's office, the transition of the Lesotho Electricity Authority (LEA) to become the Lesotho Electricity and Water Authority (LEWA) comprising regulatory functions for the Water Sector and the transformation and

	expansion of WASA to WASCO.		
	<b>Performance assessment framework for LWSSPS Program</b>		
	Area	Conditions	Documents to be submitted
	1. Sector policy and strategy	Satisfactory progress in implementation of the Lesotho Water and Sanitation Sector Policy	Annual State of Water Resources Report by COW
			Corresponding newly enacted legislation
			HR Needs Assessment Report and Human Resources Development Plan assessed by Irish Aid and the EUD
			Minutes, agenda and participants list of sector coordination meetings
			Memos on high-level coordination meetings
	2. Macroeconomic stability	Satisfactory progress in maintaining a policy of macroeconomic stability	IMF Article IV report
			Budget Speech and Medium Term Fiscal Framework
			Joint Annual Review of the PRBS and related report of MFDP
			EUD report
	3. Public Finance Management	Satisfactory progress in the implementation of the PFM reforms	Evaluation of Budget Execution by MFDP
			Joint Annual Review of the PRBS and related PAF report
			Aide Memoir of Joint Annual Sector Review and related PAF report on sector PFM area
Quarterly reports to the Improvement and Reform Steering Committee (IRSC)			
Reports of the Auditor General			
4. 1st Fixed Tranche Special Conditions	Financing Agreement	Memorandum of Understanding between BOS and COW regarding definitions to be used for the sector	
		Cabinet endorsement of Interim Water and Sanitation Sector Strategy	

### Performance indicators and targets

#### 1. Access to Water: Variable Tranche Performance Targets

2010 FA indicators	2011 variable tranche (NAO)	2011 Baseline rider	Actual	Variable Tranche			Comments
			2012	2013	2014	2015	
<b>RURAL WATER ACCESS</b>							
Indicator - % of people in rural areas with access (25 l/day)		Indicator- # of persons served with new or rehabilitated water systems in rural areas					Number of litres per day increases from 25 to 30 litres
63.6% (share of population) 904,283 (absolute numbers)	65.9 % (share of population) 933,789 (absolute numbers), i.e. an increase of 29,506 persons	29,506	40,000	50,000	40,000	40,000	
<b>URBAN WATER ACCESS</b>							
% of people in urban areas using piped water on their premises		Indicator- # of persons served through additional domestic connections and public standpipes				The revised indicator includes standpipes. A standpipe is assumed to	

58.6% (share of population) 266 961 (absolute numbers)	58.7% (share of population) 281 826 (absolute numbers) i.e. an increase of 14,865 persons	16,485	30,000	30,000	30,000	30,000	serve on average 150 people. A domestic connection is assumed to serve an average of 5 persons.
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## 2. Access to Sanitation: Variable Tranche Performance Targets

2010 indicators (as defined in the FA)	2011 variable tranche (performance as submitted by NAO)	2011 Baseline rider	Actual	Variable Tranche			Comments
			2012	2013	2014	2015	
<b>RURAL SANITATION ACCESS</b>							
% of persons in rural areas using own VIP or pit latrine		# of household latrines implemented with a government subsidy				# of households with new latrines implemented with a government subsidy.	
53.1 % (share of population) 754,991 (absolute numbers)	54.3 % (share of population) 769,396 (absolute numbers), i.e. an increase of 2,881 households	2,881	10,000	10,000	6,000	6,000	The eligible systems must satisfy the following conditions: Safe water inside or outside premises (community supply) Sufficient water at least 30 litres per capita per day Outside the premises means reachable within 150 metres. Provided either through piped systems or hand pumps (i.e. water quality and sustainability controlled by DRWS)
<b>URBAN SANITATION ACCESS</b>							
% of population in urban areas using sewage systems, septic tank, VIP or pit latrine		# of additional sewerage connections					
77.8 % (share of population) 365,661 (absolute numbers)	76.2 % (share of population) 366,026 (absolute numbers), i.e. an increase of 365 persons	76	180	500	500	500	# of sewerage connections implemented by WASCO. A household consists on average of 5 persons. The eligible connections must satisfy the following conditions: It concerns yard connections or in-house taps and public standpipes within 150 metres walking distance. A standpipe is assumed to serve on average 150 people. A domestic connection is assumed to serve an average of 5 persons. Rented properties are included.

**3. General conditions for tranche release**

Area	Conditions	Verification source
1. Sector Policy, Strategy	Satisfactory progress in implementation of the Lesotho Water and Sanitation Sector Policy	Annual Status of Water Resources Report by Commissioner of Water; Aide Memoire of Joint Annual Sector Review; Sector PAF and related report Corresponding newly enacted legislation; Interim and/or Five year water and sanitation strategy; 2010-12 extended to 2014; HR Needs Assessment Report and Human Resources Development Plan; Minutes, agenda and participants list of sector coordination meetings; Memos on high-level coordination meetings;
2. Macroeconomic stability	Satisfactory progress in maintaining a policy of macroeconomic stability	Most recent IMF Art. IV report; Budget Speech and Medium-Term Fiscal Framework; Joint Annual Review of Poverty Reduction Budget Support and related report of Ministry of Finance and Development Planning
3. Public finance management	Satisfactory progress in the implementation of the PFM reforms	Evaluation of Budget Execution by Ministry of Finance and Development Planning; Joint Annual Review of Poverty Reduction Budget Support and related PAF report Aide Memoire of Joint Annual Sector Review and related PAF report on sector PFM area Quarterly reports to the Improvement and Reform Steering Committee (IRSC) Reports of the Auditor General.

**Main achievements**

- ✓ Fixed tranches 1, 2 and 3 released
- ✓ 90% of variable tranche 1 released

**Specific Conditions for tranche release**

Tranche	Amount	Indicative disbursement request date	Condition/Criteria/ Activity for disbursement
1st fixed Tranche	€ 6.5m	Following the signature of FA (Q4 2010)	Specific condition: Cabinet endorsement of Interim W&S Sector Strategy.
2nd FT	€ 6.5m	Q2 2012	General Conditions
3rd FT	€ 6.5m	Q3 2013	General Conditions
1st variable Tranche	€ 6m	Q2 2013	General Conditions and Specific Conditions: Achievement of the indicators performance targets for the First VT
4th FT	€ 3.0m	Q2 2014	General Conditions
2nd VT	€ 3.5m	Q2 2014	General Conditions and Specific Conditions: Achievement of the indicators performance

			targets for the Second VT																																																
	3rd VT	€ 5.0m	Q2 2015 General Conditions and Specific Conditions: Achievement of the indicators performance targets																																																
<b>Main difficulties</b>	<ul style="list-style-type: none"> <li>The first fixed tranche of 6,5 M€ was disbursed in July 2011. Eligibility conditions for this tranche were mainly those already assessed at the time of FA approval. First variable tranche request was delayed due to lack of data and –after discussion with the EU - GoL claimed only 90% and has recognized that it lacks the data to report on indicators as foreseen in the FA.</li> <li>Urban sanitation: the interim strategy indicates 4,000 connections in Maseru and 3 Towns, i.e. 2,000 per year, based on expectations in respect of Maseru waste water being completed in time. However, due to delays, this target is spread over 4 years instead, giving a target of 500 per year.</li> <li>Access to water and sanitation is slowly improving but depends on the impact of the infrastructure that will take some time to trickle down to the consumer and be reflected in the number of connections and development of the sewerage system.</li> <li>More work needs to be done to improve the monitoring and evaluation system so that an accurate reflection of the Government's work can be produced.</li> <li>Long delays in passing of laws and review of existing legislation for appropriate enforcement</li> <li>Incompatibility of reporting procedures and systems of GoL vs Donors systems.</li> </ul> <p><b>Urban Water Supply</b></p> <p>The implementation of infrastructure to improve the supply of water in Maseru peri-urban and community water supply, and the 3 towns of Maputsoe, Teyateyaneng and Roma has been completed. Substantial rehabilitation and expansion of the water systems in the other towns of Mokhotlong, Botha Bothe, Hlotse, Maseru, Mafeteng, Quthing and Qacha's Nek has been completed with funding from the MCA-Lesotho and a new water system has been completed for Semonkong.</p> <p>Estimate of Access to Water in Urban Areas</p> <table border="1"> <thead> <tr> <th>Urban Coverage Water</th> <th>Apr-12</th> <th>Apr-13</th> <th>Apr-14</th> </tr> </thead> <tbody> <tr> <td>Urban Population estimate</td> <td>490,137</td> <td>500,051</td> <td>509,808</td> </tr> <tr> <td>Coverage (Apr 2012 BOS CMS)</td> <td>72.1%</td> <td></td> <td></td> </tr> <tr> <td>Additional HH connections</td> <td></td> <td>6,218</td> <td>7,200</td> </tr> <tr> <td>Additional Persons served</td> <td></td> <td>31,090</td> <td>36,000</td> </tr> <tr> <td>Persons served</td> <td>353,389</td> <td>384,479</td> <td>420,479</td> </tr> <tr> <td>Estimated Coverage</td> <td></td> <td>76.9%</td> <td>82.5%</td> </tr> </tbody> </table> <p><b>Rural Water Supply</b></p> <p>Rural Water Supply project life cycle promotes a demand driven approach, through community managed water schemes and support to on-site sanitation. The primary aim of the Department is to improve access to water and sanitation services by investing in the replacement of old non-functioning rural water supply systems and constructing additional new ones in order to cover the under-served as well as un-served population.</p> <p>2014 Rural Water Coverage Estimates</p> <table border="1"> <thead> <tr> <th>Rural Coverage Water</th> <th>Apr-12</th> <th>Apr-13</th> <th>Apr-14</th> </tr> </thead> <tbody> <tr> <td>Rural Population estimate</td> <td>1,412,570</td> <td>1,409,270</td> <td>1,406,765</td> </tr> <tr> <td>Coverage (Apr 2012 BOS CMS)</td> <td>63.3%</td> <td></td> <td></td> </tr> <tr> <td>Additional Persons served</td> <td></td> <td>65,000</td> <td>103,159</td> </tr> <tr> <td>Systems out of service</td> <td></td> <td>35,766</td> <td>36,936</td> </tr> </tbody> </table>			Urban Coverage Water	Apr-12	Apr-13	Apr-14	Urban Population estimate	490,137	500,051	509,808	Coverage (Apr 2012 BOS CMS)	72.1%			Additional HH connections		6,218	7,200	Additional Persons served		31,090	36,000	Persons served	353,389	384,479	420,479	Estimated Coverage		76.9%	82.5%	Rural Coverage Water	Apr-12	Apr-13	Apr-14	Rural Population estimate	1,412,570	1,409,270	1,406,765	Coverage (Apr 2012 BOS CMS)	63.3%			Additional Persons served		65,000	103,159	Systems out of service		35,766	36,936
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	While new water systems are implemented, other old systems go out of service due to old age of the infrastructure. In the estimates presented here this is estimated using an average lifespan of 25 years for the existing water system infrastructure. Based on these estimates, above 70% of the rural population has access to water services; however as remarked above, this do not consider the distance to the collection point and volume of water available.	Persons served	894,157	923,390	989,614
		Estimated Coverage		65.5%	70.3%
<b>Documentary sources</b>	AIDCO/ (2009) 21/644 - Action Fiche Lesotho Annual Status of water resources report by CoW (June 2012) Aides memoires Joint Annual Sector Review Sector PAF report Interim Water and Sanitation Strategy (2010-2014) HR needs assessment report and HRD development plan (Irish Aid report) Minutes of coordination meetings				

<b>Intervention Title</b>	<b>Lesotho Water and Sanitation Sector Programme (LWSSP)</b>				
<b>Country / Region</b>	Lesotho				
<b>Commission Ref.</b>	9ACP/LSO 005 LSO/002/05				
<b>EC aid modality</b>	Projects Support (multi) - Decentralised management				
<b>Intervention Start date &amp; End date</b>	FA n° 9397/LSO (09/12/2005) Start date: 09/12/2005 Initial schedule December 2005 -> December 2010 Rider #1: End date extended to 30/06/2012 (execution of FA 30/06/14)				
<b>Budget</b>	35 750 000 €				
	<b>Project budgets, contract values and payments (€) July 2013</b>				
	<b>Project</b>	<b>EDF9-Budget</b>	<b>Contract value</b>	<b>Actual Payment</b>	<b>Balance</b>
	Three Towns Works	24, 00,00 0	24,683,32 2	21,681,47 9	3,001,843
	Supervision	(EDF-8)	(EDF-8)	(EDF- )	
	<i>Total</i>	<i>24,700,00 0</i>	<i>24,683,32 2</i>	<i>21,681,47 9</i>	<i>3,001,843</i>
	MWWP				
	Civil Works	806,000	300,506	300,506	0
	Supplies	1,314,000	1,280,880	1,268,473	12,407
	Generators		514,484	514,484	0
	<i>Total</i>	<i>2,120,000</i>	<i>2,095,869</i>	<i>2,083,462</i>	<i>12,407</i>
	WASCO TA				
	TA Adviser	740,000	659,241	544,771	114,470
	Training	406,000	325,714	325,714	
	Services				0
	<i>Total</i>	<i>1,146,000</i>	<i>984,955</i>	<i>870,485</i>	<i>114,470</i>
	LLBWSS/LWSIMS				
	<i>Total</i>	<i>6,906,700</i>	<i>6,693,119</i>	<i>6,161,630</i>	<i>531,489</i>
	CoW TA				
	TA Adviser		86,700	86,700	0
	<i>Sub Total Programme</i>	<i>34,872,70 0</i>	<i>34,457,26 5</i>	<i>30,797,05 6</i>	<i>3,660,209</i>
	Audits				
	Fin 3 Towns		24,998	24,998	0
	Fin LLBWSS		10,401	10,401	0
	Tech 3 Towns		103,525	103,525	0
	<i>Total</i>	<i>100,000</i>	<i>138,924</i>	<i>138,924</i>	<i>0</i>
	Evaluations				
	Mid-term		107,892	107,892	0
	End-term		97,815	0	97,815
	<i>Total</i>	<i>300,000</i>	<i>205,707</i>	<i>107,892</i>	<i>97,815</i>
	Visibility	30,000			
	Contingencie s	447,300			
	<b>Grand Total Programme</b>	<b>35,750,00 0</b>	<b>34,801,89 6</b>	<b>31,043,87 3</b>	<b>3,758,024</b>
	Unused Budget	861,404			
	Savings (estimate)	658,366			
	Unused funds	1,519,769			

	(estimate)			
<b>Main stakeholders</b>	<p><b>A: Means</b></p> <ul style="list-style-type: none"> <li>• <b><i>(Six) Three Towns Water Supply Project</i></b> Project implemented through a works contract awarded following international tendering. The on-site supervision of the works undertaken by Consulting Engineering Salzgitter (CES), who has been awarded a service contract for Design and Work Supervision financed under the project 8 ACPLSO 017.</li> <li>• <b><i>Maseru Wastewater Project</i></b> Works for this project undertaken through a works contract following an open local tender, whilst the procurement of supplies and equipment done on the basis of an international open tender. Supervision ensured by the TA Adviser recruited under the TA component of the Programme.</li> <li>• <b><i>Technical Assistance to WASA</i></b> Comprise two service contracts: a TA Adviser and training services procured both on the basis of a restricted international tender procedure.</li> <li>• <b><i>Design of Lesotho Lowlands Water Bulk Water Supply Scheme</i></b> Service contract for consultancy services for the detailed design and the preparation of tender documentation procured following a restricted international tender procedure. Include provisions for sub-contracting such services as aerial photography, geo-technical investigations, surveying, mapping, environmental and social investigations and impact assessment, and other specialist services.</li> </ul> <p><b>B. Organisation and implementation procedures</b> The overall responsibility for the implementation of the programme lies with the NAO in the Ministry of Finance and Development Planning. The NAO delegate the supervision of the project to the Ministry of Natural Resources, represented by the Principal Secretary, who will delegate the supervision to the Commissioner of Water. For the Six Towns Water Supply Project, the Maseru Wastewater Projects and the TA to WASA the supervisors' representative are the Water and Sewerage Authority (WASA); for the Design of Lesotho Lowlands Bulk Water Supply Scheme the supervisors' representative is the Director Lowlands Water Supply Project Unit. The TA Adviser to WASA undertakes the on-site supervision of the works, of the procurement of supplies and equipment and the training consultancy under the Maseru Wastewater project.</p>			
<b>Intervention Description</b>	The Lesotho Water & Sanitation Programme under EDF-9 consists of (i) Three Towns Water Supply (& Sanitation) Project, (ii) Maseru Wastewater Project (Immediate Measures), (iii) Technical Assistance to WASA & a Training Programme for WASA staff, (iv a) Detailed Design of the Lesotho Lowlands Bulk Water Supply Scheme, and (iv b) the Lesotho Water Sector Information System LWSIS.			
<b>Programme Background &amp; History</b>	In the Country Strategy Paper (CSP) and National Indicative Programme (NIP) the Road Transport Sector and Water and Sanitation have been identified as focal sectors for investment-based interventions, whilst macroeconomic support and capacity building have been given a priority in the context of addressing the issue of improving the standard and quality of public expenditure management. In recent years much of the investment in economic infrastructure and industrial development has been in the western lowlands, where about two thirds of the population of Lesotho live. There has been an explosive growth in the textile industry and this is pushing up the demand for water and treatment facilities. As a result demand for water for domestic and industrial consumption in the lowlands, and particularly in Maseru and its surroundings but also in other towns, has increased substantially and is expected to double by 2030. Water resource development has not kept pace with this growing demand. GoL recognises that this imbalance is a major constraint to economic development and affecting the health			



	and wellbeing of its population. The Programme aims at the provision of reliable and affordable water and sanitation services for domestic and industrial uses in the Lesotho Lowlands. It consists of four separate but related projects, which have been developed on the basis of studies carried out with 8th EDF support during 2003 and 2004.
<b>Overall objectives</b>	The overall objective of the programme is the provision of reliable and affordable water and sanitation services for domestic and industrial users in the Lesotho Lowlands
<b>Specific objectives</b>	<ul style="list-style-type: none"> <li>• <b>Three (Six) Towns Project (rider #1: 3 towns retained</b> Maputsoe, Teyateyaneng, and Roma due to budget constraints)</li> </ul> <p>The specific objective of the project is the provision of medium-term (2015) security of safe and reliable water supplies together with adequate wastewater treatment for the population, institutions and industry within the district towns Maputsoe, Teyateyaneng and Roma located in the Lowlands. The project also sustains and expands the presently existing modes of sanitation and treatment to ensure adequate protection of the aquatic environment.</p> <ul style="list-style-type: none"> <li>• <b>Maseru Wastewater Project</b></li> </ul> <p>The Immediate Measures are required to rehabilitate the present sewerage system of Maseru by overcoming identified deficiencies of the existing sanitation facilities operated by WASA. The rehabilitation measures include the sewerage network, pumping stations, wastewater treatment works and tanker services.</p> <ul style="list-style-type: none"> <li>• <b>Technical Assistance to WASA</b></li> </ul> <p>The objective of the technical assistance to WASA is the improvement of the provision of safe and reliable water and sanitation services for domestic and industrial use in Maseru and the district towns under WASA's jurisdiction. The specific objective of the Technical Assistance Support to WASA is to ensure effective operation and maintenance of the water supply and wastewater systems served by WASA.</p> <ul style="list-style-type: none"> <li>• <b>Lowlands Scheme Design of Lesotho Lowlands Water Bulk Water Supply Scheme</b></li> </ul> <p>The specific objective is to support the introduction of technically, economically, socially, environmentally and financially viable bulk treated water supply schemes.</p> <ul style="list-style-type: none"> <li>• <b>Lesotho Water Sector Information Management System</b></li> </ul> <p>The specific objective is to draft an internet based Lesotho Water Sector Information Management System (LWSIMS)</p>
<b>Expected results</b>	<ul style="list-style-type: none"> <li>• <b>Three (Six) Towns Project</b></li> </ul> <p>The water supply and wastewater systems are refurbished and extended according to specifications for a feasible and viable operation.</p> <p><b>Main activities</b> (Maputsoe, Teyateyaneng, Mapoteng, Roma, Morija and Quthing)</p> <ol style="list-style-type: none"> <li>1) Construction, refurbishment and commissioning of works for the water supply and sanitation facilities;</li> <li>2) Support maintenance activities, repair and replacement of faulty items during the 12-month defects liability period;</li> <li>3) Training of local WASA staff in effective and sustainable operation and maintenance of the water supply and sanitation systems;</li> <li>4) Design, customisation and delivery of preventive maintenance systems including all required hardware and software;</li> <li>5) Preparation, publication and delivery of O&amp;M Manuals;</li> <li>6) Installation of bulk water meter at strategic points of the reticulation systems, determination of night flows for the established district metering areas, walking the mains and repair of visible leaks; and</li> <li>7) Introduction of basic water demand management principles for the identification of areas with excessive leakage.</li> </ol>

	<ul style="list-style-type: none"> <li>• <b>Maseru Wastewater Project</b></li> </ul> <p>The expected result of the Immediate Measures is that the wastewater system of Maseru is refurbished according to specifications for a feasible and viable operation and that adequate vacuum tanker services to cope with the suppressed demand in Maseru and in selected district towns are in place. The expansion of the fleet of vacuum trucks will result in a proper disposing of the sludge from septic tanks, latrines and conservancy tanks. The rehabilitation of the Ratjomose wastewater treatment plant will improve the effectiveness of this plant in reducing the pollution of the Mohakare river by non-industrial sewerage.</p> <p><b>Main Activities</b></p> <ol style="list-style-type: none"> <li>1) Prepare relevant benchmark indicators for the Overall Objectives</li> <li>2) Refurbishment and commissioning of works for the sanitation facilities of Maseru: replacement of pipe stretches, refurbishment of 12 pump stations, rehabilitation of the Ratjomose wastewater treatment plant and the industrial wastewater ponds.</li> <li>3) Preparation, publication and delivery of O&amp;M Manuals.</li> <li>4) Delivery of eight vacuum tanks including spares and manuals.</li> </ol> <ul style="list-style-type: none"> <li>• <b>Technical Assistance to WASA</b></li> </ul> <p>The expected result of the TA to WASA is that the management, operation and maintenance capabilities of WASA are sufficiently strengthened for an effective O&amp;M of the water supply and wastewater systems being served by WASA. Transfer of knowledge and technology as well as capacity building in site supervision, contract administration, management.</p> <p><b>Main Activities</b></p> <ol style="list-style-type: none"> <li>1) Assist and advise the Chief Executive WASA and the Director of O&amp;M</li> <li>2) Identify operational deficiencies and advise on the methodology for remedying situation</li> <li>3) Assist with capacity building in O&amp;M and human resource development</li> <li>4) Support the introduction of a database for equipment and spares</li> <li>5) Assist with the development and implementation of action plans for emergency repair, preventative maintenance and operational procedures</li> <li>6) Advise on the revision of water and sanitation tariffs.</li> <li>7) Support WASA in the co-ordination of short-term specialists' input.</li> </ol> <ul style="list-style-type: none"> <li>• <b>Lowlands Scheme Design of Lesotho Lowlands Water Bulk Water Supply Scheme</b></li> </ul> <p>The expected results are the tender documents for Supply and Works contracts; an established management structure for the Lesotho Lowlands Bulk Water Supply Scheme (LLBWSS) and the establishment of a National Water Sector Information Management System (LWSIMS).</p> <p><b>Activities</b></p> <ol style="list-style-type: none"> <li>1) Review and revise as appropriate the findings and recommendations of the LLWS and Metolong FS and other studies and re-assess the options for water supply systems and recommend the best development options</li> <li>2) Collect additional data as required and assess social and environmental conditions and implications of possible development options;</li> <li>3) Carry out detailed design report for each bulk water supply system; tender drawings and documents; cost estimation; financial and economic analysis.</li> <li>4) Produce tender dossiers for the construction and supplies</li> <li>5) Recommend institutional arrangements, management approaches and capacity building programmes to ensure LT effectiveness and sustainability</li> <li>6) Collection of data on existing water schemes, and preparation of a database and installation on computer.</li> </ol> <ul style="list-style-type: none"> <li>• <b>Lesotho Water Sector Information Management System</b></li> </ul> <p>The Lesotho Water Sector Information Management System (LWSIMS) is internet-</p>
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	<p>based. The system works as an intranet for the water sector user-organisations individually and for the water sector as a whole, and as an extranet for the public at large. The direct users are the CoW, DWA, DRWS, LHDA, WASA, LLBWSPU, LMS, and the MPIU.</p>
<b>Main Activities</b>	<ul style="list-style-type: none"> <li>• <b>Three Towns Project</b> The construction started in June 2008.</li> <li>• <b>Maseru Wastewater Project</b> The Immediate Measures implemented through a supply contract for sewage pumps and vacuum tankers and a civil works contract for the rehabilitation of sewage pump stations and the Ratjomose sewage treatment works. The last contract under this project finalised by June 2009.</li> <li>• <b>Technical Assistance to WASA</b> The TA in place since March 2007 for three years.</li> <li>• <b>Lowlands Scheme</b> Achieved by abstracting water from four rivers, treating it and conveying it to the target areas through a series of pipelines and storage reservoirs. The Scheme is technically fully integrated with the Metolong WS Scheme.</li> <li>• <b>Lesotho Water Sector Information Management System</b> The system was presented on 4/11/2008 to the user organisations.</li> </ul>
<b>Main achievements</b>	<ul style="list-style-type: none"> <li>• <b>Three Towns Project</b> The construction of water and wastewater facilities started in June 2008 and completed by March 2011 (one year delay).</li> <li>• <b>Maseru Wastewater Project (Immediate Measures)</b> The Immediate Measures have been implemented through a supply contract for sewage pumps and vacuum tankers and a civil works contract for the rehabilitation of sewage pump stations and the Ratjomose sewage treatment works. The last contract under this project was completed by June 2009.</li> <li>• <b>Technical Assistance to WASCO</b> The TA has been present between March 2007 and February 2010.</li> <li>• <b>Lowlands Scheme</b> The Scheme is technically fully integrated with the Metolong Water Supply Scheme. The design consultancy has provided designs and tender dossiers, design reports, EIA/SIAs, Economic &amp; Financial Analysis and recommendations on the institutional set-up.</li> <li>• <b>Lesotho Water Sector Information Management System</b> The system works as an intranet for the water sector user-organizations individually and for the water sector as a whole, and as an extranet for the public at large.</li> <li>• <b>Technical Assistance to CoW</b> Mr. Graeme Monro had been the TA to CoW during the period November 2003 till November 2008 under EDF-8.</li> </ul>
<b>Main difficulties</b>	<p>The execution of the programme was very much delayed from the FA time frame, which assumed all components completed by the end of 2007. The time frame included in the agreement proved unrealistic, considering the legal time spans for tenderers (bidders) to prepare their offers and because of the involvement of a large number of parties as is the case in EDF projects, many of which faced staffing problems at times.</p> <p>In the meantime costs of construction materials (especially fuel, steel and cement) had gone up considerably and the RSA was experiencing a construction boom in connection with the 2010 World Cup. The simultaneous devaluation of the LSL to the EUR was insufficient to neutralize this effect.</p> <p>The Three Towns Water Supply &amp; Sanitation Project was a (too) complex project. Final Acceptance Certificate was issued by WASCO on 21 September 2012. Although no force majeure has occurred, considerable delays occurred during</p>

	<p>construction.</p> <p>Maseru Wastewater Project took more than three years since the completion of the feasibility study by GKW Consult in 2004 to sign the civil works contract in April 2008 with M&amp;C Construction of Lesotho. Many of these works constituted deferred maintenance and should have been taken up by WASCO instead of using EDF funds.</p> <p>The TA to WASA has spent the lion's share of his time on administrative duties related to procurement and the supervision of the Maseru Wastewater Project (for which there was no supervising consultant). His input into the maintenance of WASCO installations outside Maseru has been limited.</p> <p>Lowlands Scheme Final Report did not adequately take into account all observations to CoW. These comments are serious in nature, as they concern basic aspects of the bulk water supply scheme.</p> <p>Lesotho Water Sector Information Management System LWSIMS crashed in 2012 due to hardware failures induced by power supply interruption and the website <a href="http://www.lwsims.gov.ls">www.lwsims.gov.ls</a> is not reachable any more.</p>
<b>Documentary sources</b>	<p>CSP &amp; Indicative Programme for the period 2001 – 2007</p> <p>National Vision 2020 GoL 2003</p> <p>FA LSOI002105) EDF IX + Addendum #1</p> <p>CSP &amp; Indicative Programme for the period 2008 -20013</p> <p>Joint Annual reports</p> <p>Mid-Term Review (2009) and final review (2013) of the LWSP</p>

## Macro-economic and general budget support

<b>Intervention Title</b>	<b>Capacity Building in Economic Planning, Phase 2 (EDF9)</b>
<b>Commission Ref.</b>	<ul style="list-style-type: none"> <li>▪ LSO/002/07 (9 ACP LSO 011)</li> <li>▪ Contract number(s):</li> </ul>
<b>EC aid modality</b>	<i>Decentralised management (TA recruited under a single contract)</i>
<b>Intervention Start date &amp; End date</b>	Signed 20/09/2007 (EU) and 20/12/2007 (NAO) Planned end date: implementation 31/12/12 and FA 31/12/14
<b>Budget</b>	M€4.94
<b>Main stakeholders</b>	<ul style="list-style-type: none"> <li>▪ Donor(s): European Commission.</li> <li>▪ Other donors involved in supporting PFM are WB (CPAR), DFID (procurement, treasury and MTEF), DCI (training and equipment for Treasury Dept), EU (IFMIS M€7.5)), GtZ (TA to public service reform and decentralisation)</li> </ul>
<b>Intervention Description</b>	Big TA programme of macro-eco support to MoF
<b>Programme Background &amp; History</b>	Follow up from a first Phase CBEP (no information obtained on this except what was in the evaluation report of CBEP 2) where problems were apparently experienced due to lack of GOL implementation capacity, lack of donor coordination and inadequate understanding of EU procedures. In addition the EU itself was challenged due to staffing shortages. Most of CBEP seems to have been implemented successfully but some key initiatives are behind schedule. The main innovating feature of CBEP2 seems to be the realisation that there needs to be an institutional reform (administrative reform, HRD policy, setting up an Integrated sector Planning and Budgeting department)
<b>Overall objectives</b>	OO are to contribute to: <ul style="list-style-type: none"> <li>- substantial poverty reduction</li> <li>- increased economic growth</li> <li>- improved socio-economic and environmental conditions.</li> </ul>
<b>Specific objectives</b>	To achieve a sustained and strengthened capacity for macroeconomic and financial management, sectoral planning and economic and socio-economic development planning in GoL. Institutional strengthening and capacity building in economic management, planning and monitoring and policy coordination within MFDP and provide support to MFDP's institutional reform which provides an important benchmark achievement on the road map to future BS <sup>2</sup> .
<b>Expected results</b>	Eight results are identified in the FA
<b>Main Activities</b>	A number of components are identified as: <ul style="list-style-type: none"> <li>- MFDP institutional strengthening (planning)</li> <li>- Training for planning cadre and budget officers</li> <li>- Support to Bureau of statistics</li> <li>- Macro-eco policy support and macroeco modelling</li> <li>- Population modelling and manpower planning</li> <li>- Support to the NAO</li> <li>- Audits, evaluations and contingencies</li> </ul>
<b>Main achievements</b>	Improvement of statistical information available Development of 3 economic models, IFMIS (although depends on TA to improve and adapt).
<b>Main difficulties</b>	<ul style="list-style-type: none"> <li>▪ Project started 3 years after its design phase without being updated. Activities</li> </ul>

<sup>2</sup> Reviews of progress against the macroeconomic framework and budget process, PRS Implementation and monitoring, PFM reform, and coordination and institutional arrangements have been agreed as building blocks for the establishment of BS. The CBEP has direct effect on the eligibility criteria for BS.

	<p>no longer corresponded to needs and design is weak</p> <ul style="list-style-type: none"> <li>▪ Problems of management by consultant providing the TA and by the MoF</li> <li>▪ Disinterest of MoF (time lag, lack of involvement in design)</li> <li>▪ The 3 ROM reports scored 'C' on all accounts in all five categories (relevance ad quality of design, efficiency of implementation, effectiveness, impact prospects and potential sustainability) but after some substantial changes in 2011, the effectiveness and impact prospects were increased to a 'B'. The CBEP is now focused on: improving the planning, improving macro-eco and financial management (incl IFMIS, programme budgeting), support to NAO office.</li> <li>▪ The logical framework needs to be seriously readjusted.</li> <li>▪ None of the people interviewed during the field mission had any personal exposure to this TA programme except one officer who had been ignored for more than a year (in a position created especially for this project) before finally meeting the TA and understanding what the project was supposed to achieve and what he was supposed to do</li> <li>▪ Definite signs that the software developed for macro-eco planning and the IFMIS are being used but facing major problems of adaptability: costs to change are huge due to non access to systems and need to pay international IT consultant to come back for every modification</li> <li>▪ Tools developed such as MTEF exist but are not being used to the intended purpose: they are not used for MT planning of expenditure and are not used for budget programming</li> <li>▪ TA placed in the NAOs office took on a line function, actually undermining learning of Ministry staff</li> <li>▪ TA placed elsewhere in the MoF were ears and eyes of the Delegation so very good for Delegation as they contributed to lightening the Del's staff workload but not effective in terms of training local staff.</li> </ul>
<b>Documentary sources</b>	<ul style="list-style-type: none"> <li>▪ FA, PIF, 2 ROM reports 2011, 2010 (ROM reports for IFMIS 2009, 2008 also appended but no project information otherwise available)</li> <li>▪ Aide-Mémoire of joint annual GBS review missions 2008, 2009, 2010</li> <li>▪ Evaluation of CBEP2</li> <li>▪ Various disbursement files.</li> </ul>

Intervention Title	Poverty Reduction Budget Support I (PRBS-I) EDF X																																																																																																	
<b>Commission Ref.</b>	<ul style="list-style-type: none"> <li>▪ FED/2008/021-005 replaced by Addendum I of 30/03/2010 by <b>10 ACP LSO 01</b></li> <li>▪ Contract number(s):</li> </ul>																																																																																																	
<b>EC aid modality</b>	<i>Budget support, centralised management</i>																																																																																																	
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<b>Budget</b>	<p>Planned: M€ 26 (19.1% of NIP) over FY2009/10 to FY 2011/12 Planned: 3 FT and 2 VT as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>M€</th> <th>FY2009/10</th> <th>FY2010/11</th> <th>FY2011/12</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>FT</td> <td>6</td> <td>6</td> <td>6</td> <td>18</td> <td>69.2%</td> </tr> <tr> <td>VT</td> <td>0</td> <td>3.5</td> <td>4.5</td> <td>8</td> <td>30.8%</td> </tr> <tr> <td><b>Total</b></td> <td><b>6</b></td> <td><b>9.5</b></td> <td><b>20.5</b></td> <td><b>26</b></td> <td><b>100%</b></td> </tr> </tbody> </table> <p>After Addendum I and II</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>M€</th> <th>2010</th> <th>2011</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>FT</td> <td>12</td> <td>6</td> <td>18</td> <td>38%</td> </tr> <tr> <td>FT Flex</td> <td>21</td> <td></td> <td>21</td> <td>45%</td> </tr> <tr> <td>VT</td> <td>3.5</td> <td>4.5</td> <td>8</td> <td>17%</td> </tr> <tr> <td><b>Total</b></td> <td><b>36.5</b></td> <td><b>10.5</b></td> <td><b>47</b></td> <td><b>100%</b></td> </tr> </tbody> </table> <p>Disbursed (nothing in FY2009/10)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>M€</th> <th>FY2010/11</th> <th>Date</th> <th>FY2011/12</th> <th>Date</th> <th>% of max</th> </tr> </thead> <tbody> <tr> <td>FT1</td> <td>6,000,000</td> <td>07/12/2010</td> <td></td> <td></td> <td>100%</td> </tr> <tr> <td>FT2</td> <td>6,000,000*</td> <td>10/12/2010</td> <td></td> <td></td> <td>100%</td> </tr> <tr> <td>VT1</td> <td>2,193,750</td> <td>07/12/2010</td> <td></td> <td></td> <td>62.7%</td> </tr> <tr> <td>FT VFlex</td> <td>21,000,000</td> <td>29/12/2010</td> <td></td> <td></td> <td>100%</td> </tr> <tr> <td>FT3</td> <td></td> <td></td> <td>6,000,000</td> <td>???</td> <td>100%</td> </tr> <tr> <td>VT</td> <td></td> <td></td> <td>2,484,000</td> <td>???</td> <td>55.2%</td> </tr> <tr> <td><b>Total</b></td> <td><b>43,677,750</b></td> <td></td> <td></td> <td></td> <td><b>92.9%</b></td> </tr> </tbody> </table> <p>The amount should have been M€6 but was reduced for reimbursement on previous outstanding due payments from GoL by €4,360,848. Effectively the amount received for FT2 was thus only 1,639,152 and the total amount received over the course of PRBS 1 was thus €39,316,902 and not the €43,677,750 as indicated.</p> <p>Decommitted on 15/01/2013: €3,322,250.</p>	M€	FY2009/10	FY2010/11	FY2011/12	Total	%	FT	6	6	6	18	69.2%	VT	0	3.5	4.5	8	30.8%	<b>Total</b>	<b>6</b>	<b>9.5</b>	<b>20.5</b>	<b>26</b>	<b>100%</b>	M€	2010	2011	Total	%	FT	12	6	18	38%	FT Flex	21		21	45%	VT	3.5	4.5	8	17%	<b>Total</b>	<b>36.5</b>	<b>10.5</b>	<b>47</b>	<b>100%</b>	M€	FY2010/11	Date	FY2011/12	Date	% of max	FT1	6,000,000	07/12/2010			100%	FT2	6,000,000*	10/12/2010			100%	VT1	2,193,750	07/12/2010			62.7%	FT VFlex	21,000,000	29/12/2010			100%	FT3			6,000,000	???	100%	VT			2,484,000	???	55.2%	<b>Total</b>	<b>43,677,750</b>				<b>92.9%</b>
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<b>Intervention Description</b>	<p>GBS with:</p> <ul style="list-style-type: none"> <li>• General conditions: <ul style="list-style-type: none"> <li>○ I-PRSP progress against the whole PAF. PAF discussed with donors involved and MoU between DPs and GoL to be signed before the end of 2008; agreement on September annual performance review of PAF.</li> <li>○ Maintenance of stability oriented macro-economic policy</li> <li>○ Satisfactory progress in the implementation of the programme to improve PFM</li> </ul> </li> <li>• Prior conditions: <ul style="list-style-type: none"> <li>○ Adoption by the Parliament of the Statement of Affairs producing the GOL balances on 31/03/2008 – this was changed by Addendum I (30/03/2010) to <u>Submission to Parliament</u> of the Statement of Affairs</li> </ul> </li> </ul>																																																																																																	

	<ul style="list-style-type: none"> <li>○ Adoption by the GOL of the Interim PRGS</li> <li>● Specific conditions: applicable to variable tranches: 10 indicators of which 2 are growth related, 2 PFM and 6 HD <ul style="list-style-type: none"> <li>○ Improved road maintenance</li> <li>○ Enhanced industrial infrastructure (industrial site development)</li> <li>○ Reduction of corruption within the public sector</li> <li>○ Effective external auditing and scrutiny</li> <li>○ Improved primary education</li> <li>○ Improved coverage of secondary education</li> <li>○ Sustained disease prevention</li> <li>○ Improvement in disease treatment</li> <li>○ Improved coverage and reliability of rural water supply</li> <li>○ Extension of ARV treatment.</li> </ul> </li> </ul> <p>Choice of indicators on strength of data rather than appropriateness. Evaluation rule 0-0,5-1, individual equal weights and overall payment a product of score and funds.</p> <p>The choice of indicators in growth is based upon the recognition that a sustained increase in economic growth is necessary to reduce poverty in the MT and that, to achieve this, the GoL must provide a stable macroeconomic environment, include growth in its national development strategy, create an enabling environment for PSD (including land tenure reform) and provide good infrastructure, including specific measures to accommodate increases in industrial investment. In this regard improved road maintenance is believed to be essential (to encourage PSI, enhancing economic growth) and is a prerequisite to further investment in road development. Maintenance is monitored in the PAF and will be measured through lengths of roads maintained (gravel, paved, national and rural).</p>
<b>Programme Background &amp; History</b>	The FA is a 2 page document with some annexes: no details about the programme background, the country background or anything apart from a very summarised presentation of the operation. No explanation of the VT indicators (how they will be measured, their definition etc.): just the current base line, targets and achievements for end 2008 and then targets for FY 2009/10 and 2010/11 with the source of verification. Due to adverse economic circumstances in 2009/10, a VFlex of M€21 was added to the BS programme.
<b>Overall objectives</b>	Contribute to the implementation of Lesotho's I-PRSP which aims for: broad based sustainable improvement in the standard of welfare, act as a springboard for the preparation of a National Development Plan for 2010.
<b>Specific objectives</b>	The purpose is to contribute to I=PRSP's objectives in the areas of shared and sustainable economic growth, and human development including increased use by beneficiaries of education and health services.
<b>Expected results</b>	Contribution to macroeconomic stability, better provision and maintenance of economic infrastructure, improved PFM, and more harmonised and aligned development assistance.
<b>Main Activities</b>	Inputs: <ul style="list-style-type: none"> <li>● Contributing to the policy dialogue on I-PRSP, the preparation of NDP and the harmonised and government-led annual consultations on implementation of the PAF.</li> <li>● Annual funding equivalent to 1% of government revenues (or 0.5% of GDP and 2% of gross official reserves)</li> <li>● Capacity building for economic planning II and IFMIS project</li> </ul>
<b>Main achievements</b>	First BS programme launched jointly with WB, AfDB. No evaluation available for this programme. The disbursements suffered major delays due to the precondition about the clean state of financial affairs not being met in the first year (see below). It took a long time to



	<p>GoL to decide how to find a solution to the problem of ‘catching up’ with the outstanding accumulation of delays in the public accounts until it decided to start with a clean opening balance to be approved by Parliament. Then this suffered major delays as it gave rise to lots of Parliamentary debates. In the end, the FT1, FT2, VT1 and Flex were all more or less bundled together and disbursed within the same month.</p> <p>Performance on the FT was, despite being found ‘satisfactory’ by the DPs, not excellent, especially in 2009 when only 3 targets out of 20 had been met and another 6 had been substantially met according to the GoL: the DPs undertook a second review in April 2010 (after the November 2009) to enable the GoL to improve its performance and finally concluded that 12 targets had been met or substantially met and 5 were partially met.</p> <p>Performance on the VT was only 62.7% due to the target on the education not being achieved.</p>
<b>Main difficulties</b>	<p>The main stumbling block was the precondition requiring the Statement of Financial Affairs to be approved by Parliament so that GoL could start accounts with a new clean balance sheet. This proved to be a problem and the pre-condition was eventually changed from ‘to be approved’ to ‘to be submitted to’. As a result, the 2009/10 BS payments were not made and took place in 2010/11 together with the scheduled payments for that year (FT1, FT2, VT1 and VFlex were disbursed more or less at the same time).</p> <p>Achievements on the EU retained PAF indicators were not as expected in the areas of fighting corruption, disease treatment, disease prevention and total water supply; the target on secondary education was also missed.</p>
<b>Documentary sources</b>	<ul style="list-style-type: none"> <li>▪ FA, PIF, Addenda I and II, Preparation mission reports (2006).</li> <li>▪ Aide-Mémoire of joint annual GBS review missions 2008, 2009, 2010</li> <li>▪ Various disbursement files</li> <li>▪ MN02, MN15, MN17, MN30, MN45, MN50</li> </ul>

Intervention Title	Poverty Reduction Budget Support II (PRBS-II) EDF X																																		
Commission Ref.	<ul style="list-style-type: none"> <li>▪ FED/2011/022-701</li> <li>▪ Contract number(s):</li> </ul>																																		
EC aid modality	<p><i>Budget support, centralised management</i> <i>For the complementary support</i></p> <p>Interestingly, the management modality for the complementary support is specified as: 'Complementary support will be provided in the form of technical assistance service contracts, supply contract(s), framework contracts, a direct grant award to the Lesotho Institute of Accountants, programme estimates and a joint management agreement signed by the European Commission with the IMF. Complementary support and visibility activities will be procured using EU procedures for services in partially decentralised management through service tender(s) and/or Framework contracts. The contracts for Audit and Evaluation will be managed under directly centralised management by the Commission.'</p>																																		
Intervention Start date & End date	Signed: December 2011 Planned end date																																		
Budget	<p>Planned: M€ 45,646,952 (32.8 % of NIP) over FY2012/13 to FY 2014/15 GBS – centralised management: M€42 Complementary Support– Decentralised management: M€3.44 Visibility –Decentralised management : M€0.05 Audit and Evaluation - Centralised management : M€ 0.15</p> <p>Complementary Support for PFM reform and Management, Monitoring and Oversight of External Assistance (max. EUR 3,446,952):</p> <ul style="list-style-type: none"> <li>• training for PFM and capacity building involving relevant actors, including Ministry of Finance and Development Planning, the Office of the Auditor General, the Parliamentarian Public Accounts Committee and Economic Cluster Committee and the School of Accountants;</li> <li>• capacity building and expertise to the Department of Development Planning (MoFDP) on external assistance coordination and NSDP monitoring.</li> </ul> <p>In summary:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Budget support</td> <td style="text-align: right;">EUR 42,000,000</td> </tr> <tr> <td>Complementary support</td> <td style="text-align: right;">EUR 3,446,952</td> </tr> <tr> <td>Audit and evaluation</td> <td style="text-align: right;">EUR 150,000</td> </tr> <tr> <td>Visibility</td> <td style="text-align: right;">EUR 50,000</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>EUR 45,646,952</b></td> </tr> </table> <p>Proposed annual disbursement in 3FT and 3VT as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>M€</th> <th>FY 2012/13</th> <th>FY 2013/14</th> <th>FY 2014/15</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>FT</td> <td style="text-align: center;">8.8</td> <td style="text-align: center;">8.0</td> <td style="text-align: center;">8.0</td> <td style="text-align: center;">24.8</td> <td style="text-align: center;">59.0%</td> </tr> <tr> <td>VT</td> <td style="text-align: center;">6.6</td> <td style="text-align: center;">5.0</td> <td style="text-align: center;">5.6</td> <td style="text-align: center;">17.2</td> <td style="text-align: center;">41.0%</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">15.4</td> <td style="text-align: center;">13.0</td> <td style="text-align: center;">13.6</td> <td style="text-align: center;">42.0</td> <td style="text-align: center;">100.0%</td> </tr> </tbody> </table> <p>Additional M€2.5 decided on AAP 2011 by Decision 20/11/2013: complementary activities supporting the implementation of the new PFM Reform Action Plan 2012-2017/18. The plan was finalised in March 2013, and addresses some of the institutional weaknesses of the Public Finance Management (PFM) Reform Action Plan 2010-2012 (PFM-RAP). The complementary support will concern the Components of the Reform Action Plan aiming to achieve the following results: 1) Modern PFM Regulatory Framework (component 1 PFM-RAP); 2) Transparency and effectiveness of policy orientation of the budget assured (component 2PFM-RAP); 3) Governance and</p>	Budget support	EUR 42,000,000	Complementary support	EUR 3,446,952	Audit and evaluation	EUR 150,000	Visibility	EUR 50,000	<b>Total</b>	<b>EUR 45,646,952</b>	M€	FY 2012/13	FY 2013/14	FY 2014/15	Total	%	FT	8.8	8.0	8.0	24.8	59.0%	VT	6.6	5.0	5.6	17.2	41.0%	Total	15.4	13.0	13.6	42.0	100.0%
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institutional management of PFM reforms improved to facilitate ownership, monitoring and evaluation of progress (component 8 PFM-RAP). The ToR for this support have been launched at end 2013 (for a total envelope that has been downscaled from the initial M€7.085 to M€4.2, see below for figures and detailed results expected); the other donors are supporting the remaining components of the PFM-RAP. In addition, support will also be provided to the strengthening of National Statistics and to Aid Coordination and to the National Authorizing Officer (NAO) Office. The TOR for support to the NAO have been launched and the contract has been signed for an amount of M€1.7 instead of the M€2.074 initially planned for. The support to the National Statistics has not yet been launched (discussions are ongoing under the potential lead of UNDP).

Following this another change to the FA with an addendum to the FA: the M€48.14 now available are modified with a decrease of M€10 of the BS and an increase of M€10 in the 'complementary support'. Now the operation is as follows:

- BS M€34.7
- Complementary support M€13.446952

In addition the duration of the implementation is fixed at 78 months (instead of 48 months initially) and the closure phase at 24 months (instead of 12 months initially). The component will be partially decentralized and joint management whereby the procedures of the delegated body will apply.

This complementary support again is meant to support the implementation of the PFM Action Plan (see expected results below). The allocation of the support (supplementary to the initial M€3.6 already committed) to the different areas of results is as follows:

Result Area	Allocation €	Actual as of Dec 2014 €
Modern PFM Regulatory Framework (i)	665,000	4,200,000
Transparency and effectiveness of policy orientation of the budget assured (i)	3,235,000	
Governance and institutional management of PFM reforms improved to facilitate ownership, monitoring and evaluation of progress (i)	3,185,000	
Institute of Accountants (already contracted) €1m - devt of manual, improved accountancy skills, etc.		
Support to strengthening National Statistics (iii)	1,200,000	?
Support to Aid Coordination and to the NAO Office (ii)	2,074,876	1,700,000
Support to PFM reform Action Plan 2010-2012 (funds already committed or earmarked) (iv)	3,047,076	
Audit	40,000	
<b>TOTAL</b>	<b>13,446,952</b>	

- (i) Now reduced to €4.2 million and under one contract. ToR launched will be started in 2015 if the PFM secretariat reconvenes. Evaluation process of responses not yet completed.
- (ii) Has become 1.7m. NAO launched 2 months ago: LIMPICO contract.
- (iii) Nothing done and possibly with UNDP as a lead to be considered
- (iv) There is some uncertainty regarding the use of this envelope: currently some TA is being financed from this line (a technical advisor to the Planning Officer of the MoF, some support for the Acct Gen, some for capital budget, study on malnutrition<sup>3</sup>).

<sup>3</sup> Following Court of Auditors criticism about counting of malnourished children. So under PM's office new study.

	<p>Revised planned disbursement schedule:</p> <table border="1"> <thead> <tr> <th></th> <th>Q2 2012</th> <th>Q2 2013</th> <th>Q2 2104</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Fixed tranches</td> <td>8.8</td> <td>8.0</td> <td>8.0</td> <td>24.8</td> <td>71</td> </tr> <tr> <td>Variable tranches</td> <td>1.8</td> <td>2.5</td> <td>5.6</td> <td>9.9</td> <td>29</td> </tr> <tr> <td>Total</td> <td>10.6</td> <td>10.5</td> <td>13.6</td> <td>34.7</td> <td>100</td> </tr> </tbody> </table> <p>Disbursed:</p> <table border="1"> <thead> <tr> <th>M€</th> <th>FY 2012/13</th> <th>Date</th> <th>FY 2013/14</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>FT</td> <td>8.8</td> <td>5/12/2012</td> <td>8.0</td> <td>23/12/2013</td> </tr> <tr> <td>VT</td> <td>1.8</td> <td>5/12/2012</td> <td>2.5</td> <td>23/12/2013</td> </tr> <tr> <td>Total</td> <td>10.6</td> <td></td> <td>10.5</td> <td></td> </tr> </tbody> </table>		Q2 2012	Q2 2013	Q2 2104	Total	%	Fixed tranches	8.8	8.0	8.0	24.8	71	Variable tranches	1.8	2.5	5.6	9.9	29	Total	10.6	10.5	13.6	34.7	100	M€	FY 2012/13	Date	FY 2013/14	Date	FT	8.8	5/12/2012	8.0	23/12/2013	VT	1.8	5/12/2012	2.5	23/12/2013	Total	10.6		10.5	
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<b>Main stakeholders</b>	<ul style="list-style-type: none"> <li>Donor(s): European Commission. Other donors involved in the PAF are WB, DFID, Irish Aid, AfDB</li> </ul>																																												
<b>Intervention Description</b>	<p><b>1. General conditions for disbursement of all tranches</b></p> <p>A prior condition to any disbursement is the endorsement of the National Strategic Development Plan by Cabinet.</p> <p>General conditions for the disbursement of all tranches (both fixed and variable tranches) are designed to ensure compliance with Article 61 (2) of the Revised Cotonou Agreement. They comprise:</p> <ul style="list-style-type: none"> <li>Satisfactory progress in the implementation of the National Strategic Development Plan (a majority of targets of the performance assessment framework has been achieved);</li> <li>Satisfactory progress in the maintenance of a stability-oriented macroeconomic policy (follow-up of the ECF agreements with IMF);</li> <li>Satisfactory progress in the implementation of the programme to improve public financial management (implementation of the PFM action plan).</li> </ul> <p><b>2. Areas in which specific conditions for disbursement of variable tranches will be defined</b></p> <p>The reform areas selected for the application of variable tranches in the Performance Assessment Framework (PAF) comprise:</p> <ul style="list-style-type: none"> <li>Economic growth indicators: <ul style="list-style-type: none"> <li>Enhanced industrial development (3 sub-indicators);</li> <li>Improved road maintenance (2 sub-indicators);</li> </ul> </li> <li>Improved public financial management: improved accounting and reporting with the focus on improving the quality and timeliness of financial statements;</li> <li>Human Development: <ul style="list-style-type: none"> <li>Improved primary education enrolment;</li> <li>Sustained disease prevention and treatment;</li> <li>Fight against HIV and AIDS; and,</li> <li>Strengthened social protection (provision of OVC/child support).</li> </ul> </li> </ul> <p>These are indicators extracted from the PAF. The scoring method is 0, 0.5,1 and weighing is equal at 0.15 each.</p>																																												
<b>Programme Background &amp; History</b>	<p>Continuation of GBS PRBS Phase 1 which coincides with first budget under the new National Development Plan. Continued support is justified by (i) the global financial and economic crisis that created serious pressures on the Government budget, (ii) Lesotho's continued high poverty and low human development status, as well as the HIV/AIDS</p>																																												

	<p>challenge and (iii) continued progress in PFM improvement. The preparation of a new National Strategic Development Plan is also underway.</p> <p>Again on macro-economic side, it is forecasted that SACU revenues will recover but will stabilise at lower levels than before.</p>
<b>Overall objectives</b>	Contribute to the implementation of Lesotho's national development agenda (vision 2020).
<b>Specific objectives</b>	<p>The <i>purpose</i> is to support the implementation of the National Strategic Development Plan (this was originally, at the time of PRBS1 preparation, expected to be prepared in 2010), which will build on the current Interim National Development Framework 2009/10 – 2010/11 and which aims to:</p> <ul style="list-style-type: none"> <li>i) Accelerate shared and sustainable economic growth;</li> <li>ii) strengthen social protection and the fight against HIV and AIDS;</li> <li>iii) foster good governance for improved service delivery; and</li> <li>iv) promote human development.</li> </ul> <p>The five-year National Strategic Development Plan (NSDP) for 2012 onwards, is expected to be the operational plan to achieve the longer-term objectives of Lesotho's Vision 2020 and the Millennium Development Goals.</p>
<b>Expected results</b>	<p>The <i>expected results</i> will include contributing to: macroeconomic stability; better provision and maintenance of economic infrastructure; improved public financial management and social service delivery; and more harmonised and aligned development assistance as envisioned in the NSDP.</p> <p>As far as the complementary support for PFM reform and management, monitoring and oversight of external assistance (M€13.45) is concerned, the expected results are as follows:</p> <p>‘This component should contribute to reformed and better PFM practices and oversight as well as more effective external assistance management policy, including improved capacity of Government in areas of monitoring and oversight of externally funded projects. Activities include:</p> <ul style="list-style-type: none"> <li>• Training for PFM and capacity building for relevant actors, including Ministry of Finance and Ministry of Development Planning, the Office of the Auditor General, the Parliamentary Public Accounts Committee and Economic Cluster Committee and the Lesotho Institute of Accountants / Centre for Accounting Studies in support of the implementation of the Government's PFM Reform Action Plan</li> <li>• Capacity building and expertise to the Ministry of Finance and the Ministry of Development Planning on external assistance coordination, provision of reliable and timely statistics, project cycle management and NSDP monitoring and evaluation</li> </ul> <p>Components of the Government's Public Financial Management Action Plan 2012-2017/18 will be funded by the complementary support. In addition, support will also be provided to the strengthening of national statistics to ensure the reliability and validity of data available for planning and forecasting, and to support to Aid Coordination and to the National Authorising Officer's Office.’</p>
<b>Main Activities</b>	<p>The <i>main activities</i> will be:</p> <ul style="list-style-type: none"> <li>• Contribution to policy dialogue on the implementation of the NSDP;</li> <li>• Participation in Government-led Joint Annual Review on implementation of the Performance Assessment Framework (PAF);</li> <li>• A quarterly progress review against the PAF and the PFM programme via the IRSC and PEFA;</li> <li>• Capacity building of stakeholders coordinating, monitoring and overseeing the</li> </ul>

	<p>implementation of the NSDP.</p> <p><i>Inputs</i> will consist of annual financial support provided through GBS broadly equivalent to 1.2 % of total Government revenue (or 0.5% of GDP).</p> <p><i>Complementary support</i> under PRBS II will cover capacity building for Government and non-Government stakeholders relating to the achievement of policy objectives of the PAF and to the PFM action plan. In the addendum to the FA the following activities to contribute to results are specified:</p> <p>Result area 1: Modern PFM Regulatory Framework</p> <ul style="list-style-type: none"> <li>• PFM regulatory framework updated to underpin PFM reforms</li> <li>• Capacity developed to implement and sustain the PFM regulatory framework</li> <li>• Regulatory framework updated and enforced to regulate Autonomous Government Agencies (AGA) and Public Enterprises (PE) fiscal affairs</li> </ul> <p>Result area 2: Transparency and effectiveness of policy orientation of the budget assured</p> <ul style="list-style-type: none"> <li>• Demonstrable linkages established between development plans, fiscal strategy and budget appropriations</li> <li>• Budget process redesigned to provide space for enhanced engagement by policymakers</li> <li>• Effectiveness of macro fiscal management enhanced</li> <li>• Comprehensiveness and quality of information included in budget documentation progressively improved</li> </ul> <p>Result area 3: Governance and institutional management of PFM reforms improved to facilitate ownership, monitoring and evaluation of progress.</p> <ul style="list-style-type: none"> <li>• Management of PFM reforms institutionalized</li> <li>• Strengthen the underpinning processes of human resource management in the sector</li> <li>• Entrench professionalism as the bedrock of human resource management and deployment across all parts of the sector</li> </ul> <p>Result area 4: Support to strengthening National Statistics</p> <ul style="list-style-type: none"> <li>• Review National Strategy for the Development of Statistics, update and implement</li> </ul> <p>Result area 5: Support to Aid Coordination and to the NAO Office</p> <ul style="list-style-type: none"> <li>• Improved coverage/reporting of externally financed programme</li> <li>• Improve participation by civil society at sector level</li> <li>• Support finalisation and implementation and monitoring of the Lesotho Development Cooperation Partnership Policy</li> <li>• Improve the preparation, implementation, management and monitoring/reporting of donor-funded programmes (including EU-funded programmes)</li> </ul>																									
<b>Main achievements</b>	<p>The FT were disbursed in full but only a fraction of the VT was disbursed due to non performance on the indicators retained in the PAF:</p> <table border="1" data-bbox="400 1818 1347 2024"> <thead> <tr> <th>M€</th> <th>FY 2012/13 planned</th> <th>FY 2012/13 disbursed</th> <th>FY 2013/14 planned</th> <th>FY 2013/14 disbursed</th> </tr> </thead> <tbody> <tr> <td>FT</td> <td>8.8</td> <td>8.8</td> <td>8.0</td> <td>8.0</td> </tr> <tr> <td>VT</td> <td>6.6</td> <td>1.8</td> <td>5.0</td> <td>2.5</td> </tr> <tr> <td>Total</td> <td>15.4</td> <td>10.6</td> <td>13.0</td> <td>10.5</td> </tr> <tr> <td>% of VT disbursed</td> <td></td> <td>27%</td> <td></td> <td>50%</td> </tr> </tbody> </table>	M€	FY 2012/13 planned	FY 2012/13 disbursed	FY 2013/14 planned	FY 2013/14 disbursed	FT	8.8	8.8	8.0	8.0	VT	6.6	1.8	5.0	2.5	Total	15.4	10.6	13.0	10.5	% of VT disbursed		27%		50%
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	<p>In the review of 2011 (disbursement FY2012/13), only one indicator out of 7 had been achieved and 2 had been partially achieved. In the 2012 review, out of the 7 indicators/10 sub-indicators, 3 were not achieved, 4 partially achieved and 3 achieved.</p> <p>However it is also interesting to note that the scores for the PAF as a whole, even though the progress on the implementation of the national strategy was always found to be 'satisfactory' by the DPs, the share of targets missed was very high in 2011 and 2012: in 2011 only 9 targets (out of 20) were met or substantially met at the November review whilst in 2012 that number dropped to 5 out of 12.</p>
<b>Documentary sources</b>	<ul style="list-style-type: none"> <li>▪ Action Fiche, FA, AAP 2011, Commission decision of 20/11/2013, Addendum to the FA (signed November 2013)</li> <li>▪ Aide-Mémoire of joint annual GBS review missions 2008, 2009, 2010</li> <li>▪ Various disbursement files</li> <li>▪ MN02, MN15, MN17, MN30, MN45, MN50</li> </ul>

## Support to Non State Actors

Intervention Title	Deepening Decentralisation and NSA Support Programmes (DDNSP)
Country / Region	Lesotho
Commission Ref.	▪ - CRIS Decision n°: 21-445
EC aid modality	Project approach using two distinct implementation modalities: - Joint Management with the UNDP - Centralised Management
Intervention Start date & End date	Initial preparation in 2008. The Programme Financing agreement was signed in December 2011 but due to internal EU procedures being delayed due to the finalization of a GIZ input, signing of the contribution agreement with UNDP/UNCDF was also delayed and the programme was not officially launched until October 2012.  Reports indicate that the project did not really leave the ground until the second quarter of 2013. Given that the FA calls for a 60 month implementation period and the contribution agreement for a 48 month input it would appear that the action will end late 2016.
Budget	<i>Project approach EUR 12.38 millions, of which:</i> - EDF envelope A: EUR 10 millions, - GTZ: EUR 1.5 millions through a transfer agreement to the EC - UNDP/UNCDF: USD 900,000 (currently equivalent to 0.88 M€ at the current exchange rate) Decentralisation and support to sub-national government (35%) Public finance management (35%) Democratic participation and civil society (30%)
Main stakeholders	▪ Donor(s): European Commission GTZ and UNDP/UNCDF ▪ Implementing agencies: ▪ Direct beneficiaries: ▪ Final beneficiaries:
Intervention Description	<i>Brief description of the programme/project</i>
Programme Background & History	A detailed assessment of the non state actor (NSA) sector was undertaken during the identification phase. This was complemented with a mapping of the international NGOs during the formulation phase of DDNSP in 2010.  [NB It is not evident that similar preparatory work was put into the predecessor programme – Local Governance & Non-State Actors Programme].  The CSO family in Lesotho encompasses a wide range of organisations, from small community based organisations (CBOs) in the rural areas to relatively large NGOs with professional staff in the capital Maseru. The Lesotho Council of NGOs (LCN) is the formal umbrella organisation primarily for CSOs, formed to provide a central platform for coordination, advocacy and representation. Its membership is mostly limited to CSOs based in Maseru, a situation that exemplifies the disconnect between the established CSOs in the capital and the small CSOs in the rural areas. The strong advocacy focus present at national level is largely absent at local level, where CBOs concentrate on HIV/AIDS support, burial societies, savings and loans schemes, agriculture and income generating activities. National CSOs lack the capacity and resources to establish an effective permanent presence in the districts, which hampers the efforts to work together on advocacy and service delivery issues. CBOs for their part are largely unaware of the activities of the national CSOs and



	<p>have no resources to participate in meetings from LCN or the ad-hoc collaboration arrangements between the national level CSOs. Established national level CSOs all have gender policies in place.</p> <p>The LGNSP, managed as a decentralised direct external labour operation, is institutionally anchored in the Ministry of Finance and Development Planning (MoFDP)/NAO, which has difficulties in understanding its role in approving funding for organisations that at times can be highly critically of the very same government that supposedly owns LGNSP. The recent ROM of the LGNSP confirmed government's reluctance in being involved in a programme that targets NSAs.</p> <p>The combination of both types of support into one programme has institutionally anchored LGNSP in the NAO/MoFDP. As a consequence it has proven difficult to process smoothly on supporting both local governments and NSA in the same programme and the appropriateness of having GoL approving NSA grants aimed at e.g. advocacy, voice and accountability is questionable. Hence it has been of critical importance to design NSA support modalities around the objective of ensuring some degree of independence from GoL and ensure that GoL does not have to approve every grant made. Otherwise the integrity and pluralism that EC seeks to nurture in the NSA sector may be compromised. Consequently it is proposed that future support to decentralisation and NSAs is operationally and institutionally separated. <i>Source: DDNSP Technical &amp; Administrative Provisions (TAP) Annex 2, July 2010.</i> [NB this is reported in full as it seeks to justify a package of rather unrelated components]</p>
<b>Overall objectives</b>	<p>The general objective to which the NSA-SP will contribute is <i>"to increase the role of non-state actors in reducing poverty, promoting inclusive sustainable economic growth and entrenching democratic principles"</i>.</p> <p>The NSA-SP will address the specific problems that NSAs in Lesotho face at the local level in becoming effective partners in development and in holding government accountable for its policies and their implementation. Also recognising the importance of gender and environmental mainstreaming for activities in rural Lesotho, the specific objective is formulated as: <i>To increase the capacity of non state actors to engage constructively in design, implementation and monitoring of gender-sensitive and environmentally sustainable development policies at the local level.</i></p>
<b>Specific objectives</b>	<p>The core strategy of the programme will be to support pro-active, comprehensive capacity building actions based on a mix of approaches (training courses, mentoring and coaching, exchange visits, on-the-job skills training, workshops and meetings with councils, etc.) aimed at both institutional and organisational development.</p>
<b>Expected results</b>	<p><i>Result 1: Enhanced organisational and institutional capacity of local NSAs in shaping the local development agenda and making community and district councils more accountable.</i></p> <p>This is the main focus of the programme and relates directly to strengthening the demand side in the decentralisation process. Support for comprehensive capacity building actions referred to above will be the main delivery mechanism for this result. Institutional development will focus on developing transparent and effective dialogue mechanisms between the NSAs and the community and district councils. Capacity building will initially need to focus on awareness raising activities, recognising that local organisations are not aware of their rights and responsibilities in local governance. An effective monitoring role of the council's performance in public expenditure will also require significant technical skills development.</p> <p><i>Result 2: Increased collaboration between NSAs, councils and private sector in delivering social services, combating HIV/AIDS and implementing local economic activities.</i></p>

	<p>The decentralisation process provides new opportunities for public-private partnerships in which local and district councils collaborate with NSAs, communities and private sector on improving social services delivery, combating HIV/AIDS and promoting local economic development.</p> <p><i>Result 3: Increased capacity of national level NSAs to deliver services to and advocate on behalf of their rural constituents.</i></p> <p>Under this result, the programme will support capacity building of national NSAs, but will also provide opportunities for financial support to service delivery and advocacy activities in as far as these support the result areas 1 and 2.</p> <p><i>Result 4: Improved health services for vulnerable workforce in the apparel industry.</i></p> <p>[NB Result 4 was added onto the original programme design]</p>
<b>Main Activities</b>	<p>€2m signed with ALAFA (apparel Lesotho Alliance to fight Aids) as a direct grant: provides medical services to textile workers: very successful because before they started they had very high absenteeism because HIV/AIDS prevalence very high. After ALAFA started. They have clinics inside the factory where the worker can go to get their ARV (anti-retro virus) and then quickly. The GoL brings the ARV, the textile brings the space and someone to coordinate and then EU brings the doctors and nurses and some of the material.</p> <p>The EU has €2.5 m for calls of proposals and has signed 4 grants: of which 2 large grants of €1.4, one with LCN (build capacities for CSO, budget tracking, community councils etc.) and one with Send a Cow (in support of livelihoods). An advocacy for HR was not successful.</p>
<b>Main achievements</b>	
<b>Main difficulties</b>	<p>There have been very long lead times from project identification undertaken in 2008, to design in 2010 and signature of the FA in December 2011. Further delays have occurred until the EU-UN Contribution Agreement (re the decentralisation component being executed by UNDP) in October 2012. There is a Note to File by the EUD saying that the Minister has been slow in convening the launch meeting for the decentralization component and UNDP has found it difficult to recruit a coordinator, apparently due to concerns about lack of buy-in at Ministry level [some Ministries are resisting decentralization] <i>Source Financing Agreement</i></p> <p>The Programme Financing agreement was signed in December 2011 but due to internal EU procedures being delayed due to the finalization of a GIZ input, signing of the contribution agreement with UNDP/UNCDF was also delayed and the programme was not officially launched until October 2012. <i>Source ROM 1921435 dated Nov 2013</i></p> <p>The MoLGC is very politicised and has many political factions and it is very difficult from outside to know who to talk to. The PS passed away a month ago and he was chairing the steering committee. <i>Source MN33</i></p> <p>ALAFA, after several successful years, was closed down in late 2014. There is therefore no systematic programme to protect garment workers from HIV/AIDS although one or two garment factories (such as the South African owned Springfield Centre) are continuing the work for their employees. The last EU Ambassador lobbied hard to keep ALAFA open, seeking Government commitment. Promises</p>

	<p>were made by the Government but were not honoured. In 2014 the MoH announced envisaged support by the Elizabeth Glaser Paediatric AIDS Foundation but this has not been confirmed. Source – interviews with former CEO, ALAFA.</p> <p>MOLGC proved responsive in meetings and is now motivated to support decentralization. However it is very concerned about the lack of systems at local Government level, inadequate reporting and about risks of money being misspent. UNDP was not convincing when this issue was discussed. Problems identified with reporting, record keeping, compliance with rules, audit processes etc.... Funds provided to MoF had been stuck in the special account at MoF for 2 months as at the time of the filed visit (November 2014). GIZ a key partner is concerned about UNDP performance. UNDP sought to avoid a meeting with the evaluation team and were evasive when finally met. Their T/L has since resigned. Meetings held sent out strong warning lights – whilst this is a strategic and country level evaluation the triangulation of negative findings from the Ministry, UNDP and GIZ – are of concern.</p> <p>Contracting of NSA as service providers has taken place and 4 consortia were appointed in 2013. Process of appointing NSA and management of programme looked fine. Reporting to date rather limited.</p>
<b>Documentary sources</b>	<ul style="list-style-type: none"> <li>▪ EU Financing Agreement Deepening Decentralisation and NSA Support Programme CRIS 21445 Signed 22nd Dec 2011</li> <li>▪ EU Financing Agreement 100720 Deepening Decentralisation and NSA Support Programmes Annex 2 TAP (DDNSP) prepared, JULY 2010</li> <li>▪ Douglas McLure Deepening Decentralisation and NSA Support Programme ROM ID 283 – 774 ROM1921435 15th Nov 2013</li> <li>▪ MN33</li> </ul>

<b>Intervention Title</b>	<b>Lesotho Local Governance and Non State Actors Support Project (LGNSP)</b>
<b>Country / Region</b>	Lesotho
<b>Commission Ref.</b>	<ul style="list-style-type: none"> <li>▪ Financing Agreement 9850/LSO</li> <li>▪ (ACP LSO 010)</li> </ul>
<b>EC aid modality</b>	Project Approach
<b>Intervention Start date &amp; End date</b>	The LGNSP Financing Agreement (FA) was signed on the 20 <sup>th</sup> December 2007, and the operational implementation period was to end at 31st July 2011, and the period of execution was to end at the 31st July 2013. Addendum No 1 to the FA signed on the 27 <sup>th</sup> May 2011 extended the period of implementation to 31 <sup>st</sup> July 2012 and the period of execution to 31 <sup>st</sup> July 2014.
<b>Budget</b>	Planned: The total cost of the LGNSP was €6.4 million,  The LGNSP comprised three operational components, Component 1, a support to the PMU for €1,427,750, Component 2, Programme Activities which amounted to €3,592,500, and Component 3 for Field Facilitation and Support for €814,250.
<b>Main stakeholders</b>	<ul style="list-style-type: none"> <li>▪ Donor(s): European Commission</li> <li>▪ Implementing agencies:</li> <li>▪ Direct beneficiaries:</li> <li>▪ Final beneficiaries:</li> </ul>
<b>Intervention Description</b>	The project aimed to deepen local democracy, improve local governance and reduce poverty.
<b>Programme Background &amp; History</b>	<p>This followed on from the 8<sup>th</sup> EDF Micro-Projects Programme which closed at the end of 2006 [within our evaluation period – need to review!]</p> <p>The overall objective of the programme is to promote the adoption of interventions, programmes and policies more responsive to the needs of the vulnerable rural populations, so as to reduce poverty and mitigate the further spread of the HIV/AIDS pandemic. The purpose is to enhance local government authorities role and capacity for greater involvement in the development process and reinforce dialogue and cooperation between state actors, local governments and non-state actors at all levels of the decision making process in the context of decentralisation.</p> <p>Both the objective and purpose are fully in-line with the Government of Lesotho's Poverty Reduction Strategy (2004) and the Public Sector Improvement and Reform Programme (PSIRP). Decentralization is one of the three pillars of the PSIRP, and Government intends that the decentralization process will improve participatory service delivery in order to reduce poverty. The Local Government Act was passed in 1997, although it only became effective in 2005 after the local government elections and the subsequent creation of the local district and community councils. The intervention was also foreseen in the Country Support Strategy for the 9<sup>th</sup> EDF NIP.</p>
<b>Overall objectives</b>	LGNSP was designed to enhance the capacity of Local Community Councils (CC) and CBOs in the three selected districts for participatory planning, budgeting and monitoring.
<b>Specific objectives</b>	<p>Financing agreement identifies 6 results areas:</p> <ol style="list-style-type: none"> <li>i) Plans and Budgets produced by CCs and CBOs in 3 target districts [out of 10 in Lesotho – the others picked up by other donors];</li> <li>ii) CC capacity development strategy and task teams created;</li> <li>iii) District networks of NSAs created; advocacy undertaken etc;</li> <li>iv) Community projects completed;</li> <li>v) District level multi-stakeholder forums established and meet regularly</li> </ol>

	<p>vi) Enhanced NSA attention to policy instruments;</p> <p>vii) A list of results, mainly related to HIV. These link to the €500k direct grant to Apparel Lesotho Alliance Against AIDS (ALAFA) channeled under this project. Without baselines see below re weaknesses. [These shortcomings also picked up in final evaluation report] Indicators include: Number and proportion of HIV Positive employees and dependents; -Death rate per 1000 employees from non-traumatic reasons; -number and percentage of management staff who participated in training;- number and percentage of grievances recorded which related to HIV/AIDS.</p> <p>LGNSP made a contribution to identify training needs of Community Councils through Training Needs Development Assessments and Workplace Skills Development Plans in the three districts. The programme worked to enhance skills of members of the Capacity Development Task Teams (CDTT)</p> <p>The programme enabled NUOs to engage with communities in small projects in the areas of governance, women's rights, fight against HIV/AIDS and natural resources management. Umbrella organisations were supported with Organisational Development initiatives, defining strategies and implementation of activities aimed at supporting affiliated organisations at district levels. The four NUOs supported by LGNSP Large Grants put their acquired competences to use by regularly analysing local governance issues. They also presented the findings and recommendations to the public and developed strategic partnerships, networks and explored joint actions with other organisations through media, public demonstration and lobbying campaigns. There has been increased media coverage of the decentralisation process and local governance issues, in particular at the time of the recently conducted Local Government elections.</p>
<b>Expected results</b>	<p>The FA describes it as “A capacity building programme combined with a small scale projects fund for local development and governance. In addition to this a grant will be given to an NGO to mitigate against HIV infections, morbidity and mortality amongst the workforce of Lesotho’s apparel industry and their dependants”.</p>
<b>Main Activities</b>	<p>LGNSP facilitated the implementation of 104 small-scale community initiatives for local development and governance in priority areas that were identified during community profiling and preparing of CC plans. The initiatives were implemented by Community Councils, NSAs based in the district and through outreach grants to Maseru based NSAs.</p> <p>Capacity building provided to Community Councils and related organisations.</p> <p>The overall management of LGNSP was the responsibility of the consortium GOPA Worldwide Consultants (lead implementing agency) and VNG, recruited under service contract (Ref.: SC/04/2008).</p>
<b>Main achievements</b>	<p>LGNSP facilitated the implementation of 104 small-scale community initiatives for local development and governance in priority areas that were identified during community profiling and preparing of CC plans.</p> <p>The initiatives were implemented by Community Councils, NSAs based in the district and through outreach grants to Maseru based NSAs. The Grants actions addressed service delivery (safe water, social infrastructure), livelihood improvement to mitigate effect of HIV/AIDS and local governance.</p> <p>Most grants showed reasonable to good financial implementation and management, but in some cases important activities could not be completed, due to inadequate time, adverse weather conditions and inadequate capacity of Grantees.</p>
<b>Main difficulties</b>	<p>As is evident from the Financing Agreement (FA Number 9850 (LSO/004/06) EDF 9 signed 20 December 2007 Results expected did not include baselines and</p>

	<p>seem to have been insufficiently specified to be SMART</p> <p>The management of the programme was adversely affected by the fact that the Programme Steering Committee was never convened during the life of the programme. The Programme Coordination Committee (PCC) which was to reinforce coordination between the three programmes supported by EU (LGNSP), GTZ (DRDP) and UNDP (LLDP) was also never convened. [However, there were regular monthly decentralisation coordination meetings convened between the EU, GIZ and UNDP].</p> <p>The model of management used cut out the Ministry of Local Government creating a lack of buy-in from central Government.</p> <p>The programme never undertook a mid- term review which would have highlighted the extent to which the project was achieving its planned results and which would have allowed for a redirection of activities away from those areas where the results were not being achieved or were unlikely to contribute to the programme purpose.</p> <p>Institutional sustainability does not seem to have been achieved – especially re the capacity and staying power of the CCs. The Capacity Development Task Teams (CDTTs) ceased to function.</p> <p>Given this came after the Paris Declaration, the establishment of a PIU model may have been pragmatic but it seems a second-best route, and does not seem to have been favoured by the NAO. Was this really the only option and was it justified by lack of administrative capability amongst national stakeholders?</p> <p>Skills of members of the Capacity Development Task Teams (CDTT) were enhanced but not utilised as the plans were not implemented and the CDTT's ceased to function.</p> <p>Management of the LGNSP programme was out-sourced to a third party (SOFRECO) contracted following a tender process, whereas the follow-on programme has been managed directly by the EUD. The logic for the switch was fully explained and does appear to be justified. It should be more efficient and offer improved VfM.</p>
<b>Documentary sources</b>	<p>Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract N° 2011/267985/1</p> <p>EU Financing Agreement 9850/LSO : Local Governance and Non- State Actors Support Programme Technical and Administrative provisions for Implementation: Financing Agreement (FA Number 9850 (LSO/004/06) EDF 9 signed 20 December 2007</p> <p>Particip &amp; EPRD, John Sykes, Dinky Bogatsu &amp; Frits Raijmakers: Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract N° 2011/267985/1</p> <p>Douglas McLure: Strengthening the Lesotho Justice Sector ROM ID 021-545 ROM 1918168 15<sup>th</sup> Nov 2013</p>

## Annex 7: EU support to social protection

EQ4: To what extent has the EU contributed to human development through supporting the development of appropriate social protection measures in Lesotho?

The EU played a positive role in ameliorating the consequence of the HIV/AIDS epidemic in Lesotho that left thousands of orphaned children (150 000 in 2012 according to UNICEF statistics). The Child Grant Program (CGP) has been executed in partnership with UNICEF and in support of GoL. It responded to the needs of orphans and vulnerable children (OVC) in nutrition, education and food security. It also provided the stepping stones upon which the recent National Social Protection Strategy was built, leading to the potential development of a comprehensive national social protection system.

Significant progress has been made with developing of key instruments such as the national single registration system (NISSA) and the fact that it has been successfully taken over by the Ministry of Social Development (MoSD) with technical support from UNICEF under EU funding. The programme was instrumental in raising the status of MoSD and enhancing GoL ownership of the CGP and Social Protection as a whole. World Bank projections indicate that the CGP is potentially financially sustainable. A well-designed social protection package should be achievable if appropriate decisions are taken to define in the protection package, PFM safeguards are adopted, the old age pension, currently managed by MoF is included, tertiary education grant costs are contained and the NISSA is completed, .

While the EU with its partner learned to adapt and use the window of opportunity of the CGP to foster wider social protection , it remained rather risk adverse and single focused on the OVC. During the evaluation period, it would have been possible for the EU to explore and compare the cost-benefit of different entry-points for the non-contributory social protection scheme as well as synergies that may have rendered the scheme more sustainable with stronger focus on resilience. Such initiatives are only being formally designed in 2014. Similarly, apart from limited short term support from ECHO, the EU ignored the potential of contributory/conditional schemes and the livelihood linkages to address some of the root causes of vulnerability. More importantly, its analysis of the supply side of social services has been weak, contributing to reduced impact and accountability.

On a per capita basis Lesotho today suffers as the second highest country for new HIV infections. A blind spot in the EU support is the lack of support in prevention of HIV/AIDS, with the exception of its former support to ALAFA (see EQ7). . Whilst the EU does contribute to the Global Fund., given its major role as a donor in Lesotho, and the absence of others in prevention, there is little that can justify this absence of engagement.

## EU Role in Creating a Social Protection System

**The EU successfully moved from a stand-alone initiative addressing OVC to the support for the inception of a national social protection strategy and system where the EU (through UNICEF) played a key role in shaping the policies, building evidence, providing technical support to GoL and designing necessary tools.**

The Child Grant Program (CGP) was conceived in the light of the HIV/AIDS epidemic primarily to address the needs of children orphaned as a result. The socio-economic focus on poverty led to the development of the concept of supporting Orphaned and Vulnerable Children (OVC).

The GoL has been providing cash allowances and benefits for some years, predating EU support. An Old Age Pension started in 2005 and is now a universal programme. It is not especially generous as it only becomes payable for people aged 70 and above. There are approximately 80-85,000 beneficiaries nationally and it is understood that there are many inefficiencies such as “ghost” pensioners to whom payments continue to be made. Other schemes include the Public Assistance (for the destitute), the School Feeding Program, National Fertilizer and Input Subsidy, Public Works Program and Tertiary Bursary Scheme. These target different groups in a stand-alone manner and some, notably the Tertiary Bursary Scheme, particularly benefit the better-off. As these schemes evolved separately they have not functioned in a coherent manner. The concept of Social Protection has sought to address this and has a solid legal basis for the assistance to specific vulnerable groups through the Lesotho National Strategic Plan for Orphaned & Vulnerable Children (2005), the National OVC Strategic plan 2006-2009, and the National HIV & AIDS Strategic Plan 2006-2011 (NSP).

The EU engaged UNICEF to develop the CGP pilot. This enabled exploration of a viable programme with a strong learning focus on efficiency and effectiveness. It provided a platform to review a range of key technical issues such as needs-based targeting; cash transfer delivery, financial sustainability and impact measurement. The advocacy, capacity building support, evidence-based programming of the CGP combined with its adoption by the community councils, created visibility regarding the potential of social protection. It also helped to build an enabling environment for the creation of a separate government entity in charge of Social Protection, the Ministry of Social Development (MOSD), which had formerly been part of the Health Ministry.

Preparation of the National Social Protection Policy (NSDP) and subsequent development of the Lesotho National Social Protection Strategy (2014) was strongly supported through the CGP project. It is a considerable achievement, supported by EU/UNICEF working alongside MOSD. It is a significant milestone in demonstrating that the GoL is embracing a National Social Protection System. It has been followed by a cost simulation exercise in 2014 to identify the most cost-efficient options. Indeed, as the CGP demonstrated a more cost-efficient and pro-poor model compared to other existing social protection schemes, UNICEF reached out to the World Bank, which has become an important player since 2013 in the review of the most efficient ways to deliver social protection assistance in regards to financial sustainability. The additional leverage the WB provides with the government is perceived as a further success factor.

Thus, the CGP became a key contributor to the national social protection model. EU/UNICEF successfully handed this over to MoSD, backed up by technical support from UNICEF. Another



recent sign of government ownership is that, the CGP has been expressly mentioned in the budget speeches and discussed in Parliament.

The National Social Protection Strategy as it stands today recognizes the role played by productive safety nets with its vision on a life-course approach. The NSPS foresees a universal infant grant, the CGP, public works, disability grant and public assistance as its core programmes (although the WB proposed packages are less inclusive). As an example, GoL and the WB are designing a scale-up cash transfer with the African Risk Capacity Initiative. Despite the recent blooming of those niches, the EU support to WFP and FAO was insufficient for the development of a competitive program that could be capitalized on in the current National Social Protection Strategy implementation.

The development of the National Information System for Social Assistance (NISSA) is a prerequisite to move towards a national targeting system in support of harmonization of Social Protection SSN Programs. At a minimum, the NISSA could play the role a unified database (national registry) which would enhance coordination and coverage (WB SSN report p23). However, it is important to highlight that the implementation is highly dependent on the public sector capacity itself (in terms of decentralization, coordination, referral mechanisms, fiduciary controls, and technical skills) and sustainability of resources.

Support through the CGP has been valuable although it is not the only model that could have been applied. The EU remained single-focused on the OVC and may have missed opportunities to identify different entry points for non-contributory/conditional social protection schemes, programmatic synergies and the possibility to support contributory/conditional schemes.

In regards to non-contributory/conditional models, it may be questionable in the inception of the CGP, whether the choice of OVC was the right entry point, taken into consideration that a more comprehensive pension scheme (the pension scheme) could have been a bigger contributor as many OVC are taken care of by elders (some are nevertheless child headed households). It could have used the existing cash transfer mechanism employed for the payment of the pension, although UNICEF believes that it did not constitute a system due to its lack of governance and high operating costs. Arguments pointing out the universality of the pension scheme and supposed duplication if that entry point was chosen forget the fact that the 2014 NSPS simulations highlight in the HBS 2010 survey “A number of households containing a person aged 70+ either did not report receipt of the Pension or reported receipt of a pension amount significantly less than what might be expected.”, leading to the vulnerability of HH as confirmed by WFP cash for asset interventions (counting a number of elders).

It should be kept in mind that it was necessary to identify a solid technical partner from the limited pool of humanitarian and development actors in Lesotho. UNICEF was identified which has a mandate on children, and unsurprisingly this contributed to the selection of the CGP as a pilot. It is worth noting that partner NGOs tried to address the EU to test other approaches but this was not taken up.

The Lesotho experience with social protection to date has been subject to several reviews and reports. The WB report “a Safety Net to End Extreme Poverty” 2013 makes a case for Social Protection in Lesotho, recognizing the high level of inequality for which safety nets can contribute to protect the consumption of the poorest at the food poverty line. However it points out that the current package (including the CGP), currently misses some important aspects of poverty such as seasonal poverty and malnutrition (p XV). The study examined all 10 programs that transferred money or in kind assistance to households which jointly represent the range of

social protection/safety net measures put in place by GoL and partners (even if not explicitly referred as such) to find out their value for money. A comparison on the effectiveness of the different SSN programs is rendered vain at this stage given the lack of information on targeting performance (WB Lesotho safety Net report 2013 p 102). However, it is to note that except for the school feeding program, none of the programs reaches more than 5% of the very poor (WB study table 21 p88), the CGP being reported at reaching 1.5% population and 3.9% of the very poor in 2011. However improved implementation procedures and prospects of national expansion may significantly raise the % of the very poor reached. As a comparison the School Feeding Programme is less effective with 60% of the benefits going to non-poor households (pxiii).

This critical study for informed decision making on the most suitable safety net instrument to choose from was not available during the programmatic period covered by the evaluation. While the results of this study can be used to shed light on effectiveness and possible alternatives, it is to keep in mind that at the time of design of its CGP, the EU didn't have the intention to support a social protection scheme but adapted and contributed to an enabling environment for its emergence, and then invested in it. In the view of many humanitarian practitioners, this pragmatic approach shouldn't be undervalued, as it is too well known that sometimes ambitious strategies and plans may never be implemented, while in this case the social protection strategy came to validate a practice and expand its horizon, building on concrete implementation.

**Given the absence of other donors in the Social Protection field, the EU positioned itself as the main partner to GoL and played a critical role in the response to structural vulnerability. Through UNICEF as its implementing partner, the EU provided much needed technical operational assistance and stimulated the involvement of the WB in the research and cost efficiency aspects of Social Protection. Besides, the EU had the opportunity to influence directly through various means, from bilateral meetings with MoSD, to the CGP steering committee and numerous events. The evaluation period can well be considered as setting the stepping stones that created the environment to come up with the current level of maturity that can finally design a Social Protection Agenda.**

Within the Social Protection sector, the EU supported the CGP almost exclusively, besides a short investment from ECHO for the seasonal safety net during the emergency response in 2012. Therefore despite its successes, the EU invested comparatively little effort in addressing other vulnerability factors such as seasonal vulnerability through contributive/conditional schemes, for which ECHO funding was too short lived. As ECHO funded the Flood emergency response in 2012 and supported the Cash for Asset program from WFP (covering a large proportion of elders and aiming at building DRR assets), it is likely that the EC perceived all productive safety nets as rather humanitarian interventions than development ones, thus preventing considerable portion of money to be attributed by DevCo. The EU thus did not invest in initiatives that may mitigate the vulnerability to disasters. It seems rather that DRR, Resilience and livelihood support for food security have been too low on the EU agenda for positive synergies to be fostered on the wider social protection front.

The National Social Protection Strategy as it stands today recognizes the role played by productive safety nets with its vision on a life-course approach; the EU support was decisive in the emergence of the NSPS which enables now to identify programming niches.

The NSPS foresees a universal infant grant, the CGP, public works, disability grant and public assistance as its core programmes (although the WB proposed packages are less inclusive). As an example, GoL and the WB are designing a scale-up cash transfer with the African Risk Capacity

Initiative. Despite the recent blooming of those niches, the EU support to WFP and FAO was insufficient for the development of a competitive program that could be capitalized on in the current National Social Protection Strategy implementation.

In this regard it is regrettable that WFP programmes were not institutionalized similarly to the ones that prevail in the region (Mozambique, Zimbabwe as examples). Besides, the 2013 local economy-wide impact evaluation (LEWIE) of Lesotho's Child Grants Programme mandated by FAO, while demonstrating a positive micro economic impact of the CGP, also pointed out to the multiplication effect complementary agricultural support would have on the CGP (about 1, 5 USD generated out of 1USD injected). The pilots for combined approaches are being tested recently, but would the EU have had a more prospective approach, it would have been able to design and possibly pilot those options earlier.

The CGP focuses on the mitigation on the impact of HIV/Aids and not on the prevention, despite Lesotho holding the current record of being second country in the world for new infections per capita. The EU could have invested in prevention at community level from the start, which is well acknowledged by UNICEF today but was overlooked during programme development and implementation.. Efforts needed to be placed in social mobilization and demand creation (reduce GBV, request ART...) notably, which would not have been a duplication of USAID or Global Fund support as they focus on HIV/AIDs treatment. The EU should have then supported a wide range of partners such as NGOs, religious consortium of leaders, network of people living with HIV and medias in the matter. In the absence of a national Aids authority, the EU could have at least performed advocacy to the Ministry of Health.

With respect to migrants, the EU could have demonstrated concern on the vulnerability of this population group but especially on the fact that HIV/AIDs is both a contributor to migration within SADC and being impacted by it. As summarized in the problem statement of the SASPEN and FES International Conference 2014 on "Social Protection for Migrants in the SADC: Prospects, Vulnerability and Benefits across Borders" the question of access to and portability of social security benefits in the SADC region through various types of bilateral, multilateral or unilateral arrangements has been largely absent. Thus the EU should have considered migrants as yet another underestimated and viable entry point, especially as EU got also engaged in trade support.

***JC 4.2 EU design of support measures for OVCs encompassed appropriate systems for identification and targeting, verification and possible referrals which have showed potential to support the implementation of a national social protection framework***

**Targeting those in need in accordance with clear eligibility criteria lies at the heart of social protection. Targeting systems, based on NISSA, have been developed that are elaborate, a feature which may challenge their sustainability, but appear to be performing quite well on the current pilot basis.**

Prior to NISSA there were no visible efforts to link different social protection interventions nor identify common criteria or develop referral mechanisms. The absence of a common database often meant duplication and gaps in programming.

NISSA was launched in 2009, under the Child Grants Programme (CGP) pilot, to collect and manage socioeconomic information at the household and individual level to target poor

households with children. It uses a mix of proxy means tests (PMT) in order to identify the ultra-poor and very poor households and is validated by community level Village Assistance Committees. The complexity and labour intensive process may become a hindrance when looking at the possible creation of a unified non-contributive social protection program. In comparison, ECHO support to WFP consolidated the use of a combination of geographic targeting (annual Lesotho Vulnerability Assessment Committee) and community vulnerability criteria for the enrollment in productive safety nets.

Both EU contributions to the CGP and to Cash for Work enabled the consolidation of the identification and targeting process of vulnerable people. There are three socio-economic target groups: a) truly destitute people in need of regular cash transfers, b) people in need of cyclical/seasonal assistance, and c) people who could be raised out of poverty with other forms of access and assistance. The EU contributed mainly to a) and to a lesser extent b) (via ECHO). For the destitute, targeting for the CGP as a model is elaborate and uses a census through the NISSA as a base.

The “inclusion error” of 26% for the CGP is significantly lower than in the other social protection schemes, which highlights the challenge of effective targeting. Phase I of the CGP enabled the design of necessary tools such as Standard Operating Procedures (SOPs), MIS and M&E, While these tools are living instruments that necessitate regular revision, it is important to realize that cash transfer programming (especially in emergencies) is relatively new and for the initial years of the project, few similar instruments existed. As experience grows it is being promoted by the Cash Learning Partnership (CaLP) (see website [www.cashlearning.org](http://www.cashlearning.org)).

Up to 2012, the program operated in 5 of the 10 districts (21 out of 128 community councils using the old demarcations) and reached almost 10,000 households. The phase II of the program enabled the expansion to cover all 10 districts. As of October 2014, the CGP reached 25,000 households and provided benefits for approximately 65,000 children across 10 districts in Lesotho, to which it is providing payments.

The NISSA collected data on 102,000 households in 37 Community Councils in Lesotho, representing 25% of the total population of Lesotho (ROM 1921426 p8). It focuses on the districts that had the highest percentage of poor population.

NISSA was used in in early 2013 to respond to the food crisis in Lesotho. As an emergency response to the poor harvest, a Food Emergency Grant was disbursed to CGP beneficiaries in 2012-2013 in addition to the CGP grant to address food shortages. It is to date the only example demonstrating that referral systems between programmes could be put in place. Its uptake would be stronger if Standard Operating Procedures were developed with the Disaster Management Authority (DMA). However there appears to be a degree of competition between DMA and the Ministry of Social Development and such institutional constrains represent a potential inhibitor to effective use of NISSA.

The current information in the NISSA does not fully include information that would enable targeting via other ministries programs (although it has information on food security and nutrition) nor does it offer the possibility to record the benefits allocation. The current negotiation on the NISSA data criteria and harmonization of targeting approaches may open the path although there is no significant experience in the matter. Agencies such as WFP and FAO are nevertheless positive that basic criteria in a single registry may be enough as intervention design would anyway be preceded by community targeting.

A consultancy, Oxford Policy Management (OPM) in 2014 completed a review of the NISSA, focusing on the shift from a project to a systemic approach. This highlights the need for an adaptation of the NISSA to the new challenge. UNICEF is planning to add into NISSA a strong community mobilization component. The new NISSA model (NISSA II) will be completed in 2015. NISSA being a tool to support the integration of the multiple systems, the potential for NISSA II will have 3 functions: coordination, registry, integration.

One main challenge with NISSA if a census approach is maintained, is that provided it would cover all the areas in the districts, it would need a yearly update, because vulnerability changes and the population migration is significant. With the current plan to update only every four years the wrong people would be mapped and newly vulnerable people excluded. In addition to expanding coverage of communities, district administrations need to be sensitized. A further challenge would be to link NISSA with the national ID card system. This would require validation as all beneficiaries would require ID numbers.

The NISSA review gives different options and recommendations based on cost-efficiency and financial sustainability analysis. It is understood the GoL favours a census approach and proposes to outsource registrations to the private sector, because the cost of using NGOs is considered higher. A full fledged roll-out on a census base would go beyond the resource of the government both financially and in terms of capacity. The NISSA is not financially sustainable in the long run and OPM suggested a targeted approach, taking only a fraction of the population such as the poor, but not as a census. This more economical option (based on community pre-targeting) would cost about LSL 83 million.

EU planning documents refer to expanding NISSA through nationwide data collection. This may not be sustainable because of the cost of regularly updating the database: a census cannot be done regularly. The OPM consultancy suggested a targeted approach, taking only a fraction of the population such as the poor, but not as a census. In addition to the affordability challenge of keeping it updated, particular problems exist in urban areas because of more segmented populations. A further issue relates to ownership of this system. At present, few ministries know what NISSA is, and it is therefore essential that a credible national institution, such as the Bureau of Statistics, the Planning Commission or the Ministry of Finance, adopts it. According to OPM review, the Bureau of Statistics would be the best option to perform the data collection/maintenance in terms of sustainability.

A key concern is that the EU may be caught in a trap whereby it has allocated funding for a nationwide data collection without looking sufficiently at continuity. This should have been anticipated by UNICEF as the RU's technical partner. Whilst it seems that there is no hidden agenda behind the preference of the government to adopt a census approach, the EU should streamline its advocacy, and adapt its financial support to align with the more economic proposal emerging from the OPM study. It is appropriate to note that this is consistent with further decentralization of MoSD.

***JC 4.3 The EU contributed significantly to meeting the needs of OVC through the CGP whereby Cash transfers were used in education, food security and health resulting in enhanced resilience***

**The use of cash transfer for the CGP was consistent with humanitarian and development objectives as the resources were prioritized towards children and contributed to a range**

**of sectoral needs, from education to food security and possibly health in terms of morbidity reduction.**

In 2013 the FAO commissioned an impact evaluation known as the Local Economy-Wide Impact Evaluation (LEWIE) of Lesotho's Child Grants Programme. This has been a robust source of impact measurement and learning regarding the impact of the CGP in poverty reduction. The CGP improved food security for children by reducing the number of months during which households experienced extreme food shortages. It showed that higher spending immediately transmitted impacts from beneficiary to non-beneficiary households inside and outside the recipient villages. Cash transfers had productive impacts by stimulating demand for locally supplied goods and services found primarily in households ineligible for the transfers. This reflected the eligibility criteria for the CGP favored asset and labor-poor households.

The CGP simulations indicated total impacts significantly exceeded the amounts transferred under the programme. The Monte Carlo methods used in the LEWIE analysis estimated a multiplier of 1.3 to 1.5 meaning that for every dollar invested in the transfer, 1.3-1.5 dollars is being injected in the economy. These findings raised questions about how to measure the impacts of cash transfers, which include effects on the non-treated groups. They revealed that evaluations focusing only on the treated households are likely to significantly understate programme impacts.

The LEWIE evaluation underlined the importance of a high local supply response in generating positive spillovers. Factor and liquidity constraints limited the ability of local households to increase the supply of goods and services in response to the new demand that transfers generated. The simulations suggested that interventions to loosen constraints on the local supply response were likely to be critical in order to avoid inflationary effects and maximize the real impact of transfers in the treated village clusters. Given the dominance of ineligible households in local production, the importance was noted of complementary interventions (e.g., micro-credit) to target these as well as CGP-eligible households. This is one of the reasons FAO experimented with a top up approach to the CGP to provide support for agriculture and home-gardening. However, a thorough market assessment as recommended by CaLP and the Cash & Market working group may have come to the same qualitative conclusions earlier.

A year after the project FAO sees an improvement of agricultural production. The attribution of impact between the cash grant and the in-kind support is still needed. The pilot gave a glimpse of the shape of future programming for nutrition combining different tools: training, seed, nutritional education, cash grants. Thus CGP alone may not be enough to reduce malnutrition, but it could contribute greatly as part of a combined approach. Taking into account the fact that people had previously been reselling some of the in-kind assistance at a loss, the combination of cash and in-kind support is also mitigating those negative coping mechanisms.

There were also operational factors inhibiting effectiveness. Payment irregularities on the 3 months base reduced the effectiveness of the transfers on a number of dimensions, particularly food security. Unsurprisingly, the gains on dietary diversity were mainly concentrated around pay dates. UNICEF seems insufficiently concerned by this negative impact as they considered that as it migrates towards a government system, the predictability of monthly transfers cannot be assured. They however ignore the fact that the pension scheme, despite suffering from irregularities, does process monthly transfers. Nor have they been very innovative exploring possible complementarities with micro-finance institutions. The OPM study did not address

payment options but suggested look at the harmonization of transfers and aiming at a unified payment system.

An opportunity was missed that the EU, despite strong technical knowledge by ECHO on Cash and Voucher (C&V) Programming, did not engage partners in Cash and Voucher coordination. ECHO supported the piloting of different transfer mechanism with WFP notably using the limited coverage of mobile phone companies, but undertook no collaboration, coordination or research on a systemic basis regarding technical transfers solutions and cross-learning between UNICEF, WFP and different section of the government.

The CGP contributed to an increased level of expenditures on schooling, clothing (including school uniforms) and footwear for children, which is important for psychosocial dimension and was aligned with the messages passed to use the cash for education. But the messaging could have been more strategic to increase its impact. For example, the grant could have been associated with information packages on HIV, nutrition and influencing strategies on the demand side to create a different attitude towards public service provision.

The programme has had a large impact on children's enrolment in primary school, particularly for boys which is one of the groups most at risk of dropping out. Paradoxically, it retained older boys in primary school a bit longer but failed to support enrolment of younger children. The EU/UNICEF single minded support to the OVC program, which as a system took years to be put in place, is widely criticized by NGOs. They would have favoured complementary short-term education measures, given the significant negative impact of even a few months non-school attendance in a child educational year. Discussion on penalties for households not sending their children to school has been a regular topic with government, however such measures would have been totally inappropriate given the poor capacity for service provision in the education sector. That confirms the point that without investment on the education supply side to make sure that children enter school at the right age, then the cash grant itself can do little. A pilot with conditional cash transfer is being introduced by UNICEF from 2014 but again would be very dependent on its capacity to either support the supply side or increase accountability towards the community for the government to prioritize investment in it.

Application of good practice in C&V that have been formalized since 2009, would have entailed a thorough supply analysis as a precondition for the cash grant intervention programming. The conclusions drawn by the CGP pilot are therefore not surprising.

There was no evidence of a reduction of child labour. The program did not have an impact on the level of child employment but occasional/irregular jobs engagements were reduced. The CGP Phase II did not have an effect on access to health facilities although it contributed to a reduction of morbidity for children 0-5 years old, supposedly as an effect of increased access to Non Food Items (NFIs) such as blankets, rather than through increased health service attendance (except for birth registrations).

The lack of non-cash accompanying measures to support public services or to condition their use by the potential beneficiaries was a shortcoming in the initial phases of CGP. It is now being tackled by the National Social Protection Strategy and the Conditioned Pilot Proposal. The strengthening of public service delivery remains nevertheless a key constraint for the success of the social protection interventions. It is doubtful that the increased community mobilization would be a sufficient measure on its own. Whilst the EU could and should promote community

mobilization, it could have considered using its leverage and variable tranche incentives on budget support to help address those limiting factors.

Phase I of the CGP considered provision of capacity building interventions in the services supply side, but the project faced key constraints such as the lack of involvement of the MoHSW (OPM phase I evaluation p 24). Some agencies that the piloting was needed and the subsequent evidence- base of the impact evaluation, to rally more ministries in adhering to Social Protection and address those cross-sectoral linkages.

The provision of social services in Lesotho has not picked up a wide audience yet. The international community and especially the EU need to look at how to combine in kind or in cash with holistic response. According to OPM conditional cash transfers are not effective in Lesotho because of poor state of public service provision as well as limited financial sustainability. It is not cost effective to implement a system which verification mechanisms (to monitor conditionalities) would cost more than the additional impact it is supposed to generate. A further concern on the upcoming pilot planning to support the social service (2014) by UNICEF is that it has no data collection, no baseline and no evaluation planned.

In all cases, the social development debate needs to take place on an inter-ministerial platform from a multi-sector perspective and with a strong learning/evidence base focus, which is currently lacking. The EU has a key role to play till now in the promotion of such an institutional dialogue, which is backed up by the new NSDP.

Exit strategies (and graduation) were not considered in the CGP. Support extends until the child reaches the age of 18. This is excessively generous (and potentially unaffordable) as well as being inconsistent with similar programs in the continent. Households that benefited from the CGP seemed more resilient and less prone to negative coping mechanisms. However the grant did not enable productive investment in asset accumulation, nor was there any detectable pattern of saving behaviour. The potential for graduation and livelihood opportunities could sensibly be greater for productive safety nets but a more robust design (with strengthened capacity building of the line ministry) and longer implementation time would be needed. It could also be envisaged for able-bodied CGP beneficiaries' households to a form of Cash for Asset program.

Nevertheless, the EU support (through ECHO) to seasonal food insecure population in 2012 was rapidly executed and a short term response and thus did not contribute significantly in building resilience or assets or strategic and systematic linkages with the CGP despite efforts from partners such as WFP and sectorial ministries in Agriculture, Forestry and Environment. The EU support did close to nothing to address the core causes of vulnerability and notably influence the ever growing caseload of OVC through HIV/Aids prevention measures.

**Even with these deficiencies, it is important to note that Social Protection has a quantifiable impact on poverty reduction. The NSPS process for 2014 and beyond included some micro simulation modeling to assess the impacts of the different possible intervention scenarios on the poverty rate and poverty gap. It is calculated that the set of core social protection interventions promoted (CGP, pension fund, 0-2 years old child coverage, ...) would reduce Lesotho's poverty rate by nearly 15% to 51.3% and the poverty gap by an impressive 40% to 14.0% (from the current 59.9% and 23.8% without social protection respectively).**



#### *JC 4.4 EU support for social protection facilitated the emergence of a sustainable national social protection system funded and managed by GoL*

With limited agriculture and other income generating activities, GoL has for the past 30 years adopted a redistributive public policy. Lesotho nevertheless recently faced serious fiscal challenges as a result of very high public expenditure and of excessive reliance on SACU receipts. In this context, the sustainability of any social protection program highly depends on its cost-effectiveness.

The main factors determining whether social protection becomes sustainable in Lesotho are as follows:

- i) Are the institutional arrangements effective and will public sector stakeholders work together to make it a success?
- ii) Is there sufficient GoL financial commitment to make it sustainable?
- iii) Is there sufficient political will to contain the costs of the expensive and not pro-poor “social protection” elements including the tertiary education grants?
- iv) Can the support be effectively targeted through NISSA, and will the NISSA database be expanded and updated on a sustainable basis?
- v) Can efficient and cost effective cash transfer mechanisms be developed?
- vi) Will supply side measures be implemented to enhance the impact and sustainability of support?
- vii) Can fiduciary risks be contained in order to ensure that the scheme retains credibility and affordability?.

From an **institutional** perspective when the Department of Social Work DSW was given an enhanced status and became a stand-alone entity as the Ministry of Social Development (MoSD) it developed a deeper sense of ownership of the CGP and its vision as a pilot towards a NSPS rather than a stand-alone project. The MoSD benefits from a solid reputation relayed by the media for its relative dynamism. It is the only ministry that was able to decentralize to some extent and gain support from the community counsellors. That created some competition compared to other ministries or DMA. The transfers of skills and integration of project staff was a problem at the end of CGP Phase I. In addition the Ministry of Finance, for example, is reportedly resistant to giving up administration of the Old Age pension; and DMA advised that MoSD had not been participating in DMA thematic working groups and MoSD had a similar issue with DMA participation on their working groups. Such friction makes it more difficult to deliver an integrated social protection programme.

Despite this and the political instability in Lesotho, it is reasonable to think that MoSD is there to stay and GoL investment in Social Protection would remain of sufficient priority. There is, however, a risk that the CGP and other social protection measures are utilized as a political tool and concentrated on areas that support the government politically.

Initial findings with respect to **financial commitment** are promising. A comprehensive plan of transfer from EU contributions to GoL ownership and funding was set up for the second phase and aimed to be completed by 2014. The financial calendar for the CGP phase II which was part of the signed financial agreement of the project has been a success, with GoL taking responsibility for the benefit costs of €4 million and approximately 75% of the operational budget. In 2014, for a total cost of nearly €5 million, the EU only funds about €0.5m, while it supported the full 2012 cost of €4.2 million. The CGP however represents such a small element of total social protection spending that there are risks drawing conclusions about overall

sustainability. Some serious commitments have been initiated with insufficient consideration of their sustainability including the provision of child grants until beneficiaries reach the age of 18.

The World Bank calculated that Lesotho spent approximately 16 percent of its public expenditure on various transfer programs, but less than 25 percent of the US\$197 million spent annually on transfers went to the very poor. While this mainly results from inefficient targeting criteria, the criticism does not apply for the CGP which rates much better, although further targeting improvements are proposed. As an example the fiscal year 2010/2011, CGP spending amounted to 1.3% of total transfers (compared to 29% for the pension fund, 18.5% for the school feeding program and 45% for the tertiary bursary scheme). Using 2010 data, average social protection expenditure in social protection for sub-Saharan Africa is just under 5.5%, with Ethiopia reaching 10% GDP while Zambia and Zimbabwe rated at nearly 4%. Therefore, the current 9% of Lesotho GDP in Social Protection expenditure needs to be rationalized to promote financial sustainability and to adopt a pro-poor basis. Yet should be acknowledged that pro-poor targeting may be difficult to implement with, for example, Lesotho's elite resisting reductions to the tertiary bursary scheme.

The direct operating cost for the CGP, at 13.7%, is considered relatively low, particularly given the small size of the program, its pilot status and the fact that operational costs are expected to decrease with time. However substantial expenditures on technical assistance would need to be budgeted for years to come.

NISSA is not sustainable in its current form, and key decisions much be taken regarding its coverage (census or targeted form) and frequency of updating. Key for the sustainability of the NISSA and therefore of the social protection instruments based on its use would be a stronger involvement of the Village Assistance Committees (VAC), for identification of the vulnerable households and monitoring, as well as the Bureau of Statistics with possibly support from the private sector. Adoption of the NISSA by Government is important for sustainability. It is also important to ensure checks and balances on the control of NISSA and avoiding jeopardizing its usage through the political influence of the subsidized elite, for example beneficiaries of tertiary bursary transfers.

Paying transfers to remote communities in Lesotho is challenging, whether in kind or in cash. The mobile coverage is still erratic (e-payment using m-pesa is under development), financial institution coverage very limited and microfinance/micro saving institutions are not well developed. The delivery of cash transfers often meant manual distribution. While the use of technology is definitely the way to go, the capacity of the business sector is also subject of concern. Little progress has been made to engage cash transfers actors to initiate a joint dialogue to strengthen private sector engagement on the most appropriate mechanisms to facilitate delivery of cash.

Social protection funding only achieves its full potential if key services measures are in place. School places need to be available; and communities must be able to purchase inputs using the cash transfers.

Finally effective social protection has the best chance of success if fiduciary risks can be contained. As identified elsewhere in this evaluation, Lesotho is high risk from a PFM perspective. At this point it is difficult to reconcile the development of large scale cash transfer mechanisms, with all the opportunities for fraud, with the weak accountability identified in other parts of the public sector.

## Annex 8: List of documents consulted

Author	Title	Year
ACE International Consultants	Public Expenditure and Financial Accountability (PEFA) Lesotho Final Report	2012
African Development Fund	Lesotho POVERTY REDUCTION SUPPORT PROGRAMME (PRSP)- Appraisal Report	2009
Andrew Kardan, Esméralda Sindou and Luca Pellerano	LESOTHO CHILD GRANTS PROGRAMME : The historic and future costs of the CGP and its affordability	2014
Andrew Kardan, Esméralda Sindou and Luca Pellerano (OPM)	The historic and future costs of the CGP and its affordability	2014
Anna Marriott Oxfam	Bad Aid: How a World Bank private financing scheme is bleeding a nation's health system dry	2014
Anna Mc Cord	The Public Pursuit of Secure Welfare: Background Paper on International Development Institutions, Social Protection & Developing Countries	2013
Ayala Co for UNICEF and Government of Lesotho	Lesotho CCT operations manual	2014
Ayala Co for UNICEF and Government of Lesotho	Integrated SSN in Lesotho Final Design Proposal	2013
Ayala Consulting	Technical assistance to the Government of Lesotho for capacity building, skills transfer, scale up and transitional arrangements under the Lesotho child grants programme - Conditional cash transfer pilot operations manual	2014
Ayala Consulting	Technical assistance to the Government of Lesotho for capacity building, skills transfer, scale up and transitional arrangements under the Lesotho child grants programme - Conditional cash transfer design proposal -working draft-	2013
Ayala Consulting	Technical assistance to the Government of Lesotho for capacity building, skills transfer, scale up and transitional arrangements under the Lesotho child grants programme - Integrated social safety nets in Lesotho - Final design proposal	2013
Ayala Consulting	Technical assistance to the Government of Lesotho for capacity building, skills transfers, scale up and transitional arrangements under the Lesotho child grants programme - Integrated social safety nets - Summary of design parameters	2013
Ayala consulting	Conditional cash transfer design proposal - Working draft- prepared	2013
Bazlul Khondker and Nicholas Freeland	Cost estimates of core life course schemes proposed under Lesotho National Social Protection Strategy	2014
Beate SCHERRER	ROM (MR-109260.01) of the project "Support to Lesotho HIV/ AIDS Response: Empowerment of Orphans and Vulnerable Children"	2008
Berenschot	DDNSP Identification Report	2009

Author	Title	Year
Bruce WARING	ROM (MR-109260.03) of the project "Support to Lesotho HIV/ AIDS Response: Empowerment of Orphans and Vulnerable Children"	2010
Bureau of statistics - Ministry of Finance and Development planning	Statistical Report No 38:2013 National Accounts of Lesotho 2003-2012	2013
Bureau of statistics - Ministry of Finance and Development planning	POPULATION AGEING IN LESOTHO (No 34:2012)	2012
Bureau of statistics - Ministry of Finance and Development planning	Statistical Report No 32:2011 National Accounts of Lesotho 2001-2010	2011
Bureau of statistics - Ministry of Finance and Development planning	Statistical Yearbook 2010	2010
Bureau of statistics - Ministry of Finance and Development planning	2008 Lesotho Integrated Labour Force Survey (report and statistical tables)	2008
Bureau of Statistics MFD	2006 Lesotho census of population and housing preliminary results report	2007
CANESSA Roberto & MONTAGUD Jordi	ROM 1553314 of the Lesotho Water and Sanitation Sector Policy Programme	2012
Central Bank of Lesotho	Economic Review of July 2013	2013
Central Bank of Lesotho	Annual report	2011
CHEVALIER Jacques & BUCKLES Daniel	Handbook for Participatory Action Research, Planning and Evaluation	2013
Commissioner of Water – Mo Energy, Meteorology and Water Affairs	Water Sector Budget Support - 2013/14 Performance Assessment Report	2014
Comprehensive Africa Agriculture Development Programme (CAADP)	LESOTHO AGRICULTURE AND FOOD SECURITY INVESTMENT PLAN LAFSIP 2014-2018	2013
COWI	Final Evaluation of The Lesotho Micro Project Programme (MPP) - Final Report	2009

Author	Title	Year
CRUSH Johnatan & FRAYNE Bruce	The Invisible Crisis: Urban Food Security in Southern Africa	2010
Delegation of the EC to the Kingdom of Lesotho and the National Authorizing Office, Kingdom of Lesotho	Mid Term Review of 10 <sup>th</sup> EDF Cooperation between the European Union and Kingdom of Lesotho	2009
Deloitte	Financial audit of " Regional Support for an expanded Multisectorial response to HIV/AIDS" ( period: April 2001-December 2007)- Final Report	2009
Development Pathways	Lesotho: National Social Protection Strategy Inception Report	2014
Douglas McLure	Strengthening the Lesotho Justice Sector - ROM background conclusion sheet (ROM 1918168) 15 <sup>th</sup> Nov 2013	2013
Douglas McLure	ROM 1921435 of Deepening Decentralisation and NSA Support Programme	2013
DRN	Evaluation of the Commission's support to the Southern Africa Development Community, SADC – ref. 1095	2007
DRN-ADE-ECO-ECORYS-NCG	EVALUATION OF THE EUROPEAN COMMISSION'S SUPPORT TO THE ACP SADC REGION SYNTHESIS REPORT VOLUME 2 ANNEXES	2007
DRN-ADE-ECO-Ecorys-NCG	Evaluation of the Commission's support to the Southern Africa Development Community - SADC Regional Level Evaluation Synthesis Report Volume 1 - Main Report	2007
Eirik Winnberg	The Lesotho Old Age pension	2012
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT January 2013 to December 2013	2014
EU Delegation in Lesotho	External Assistance Management Report (EAMR) period: January 2012 to December 2012	2013
EU Delegation in Lesotho	LESOTHO AND EUROPEAN UNION STRENGTHEN THEIR CO-OPERATION DURING 2013	2013
EU Delegation in Lesotho	Lesotho: EU Ambassador addresses high-level workshop on Public Finance Management Reforms	2013
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2012 - 31/12/2012	2012
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2012 - 31/12/2012 Annexes	2012
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2012 - 30/06/2012	2012
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2012 - 30/06/2012 Annexes	2012
EU Delegation in Lesotho	External Assistance Management Report (EAMR) period: January 2011 to December 2011	2012
EU Delegation in Lesotho	External Assistance Management Report (EAMR) period: January 2012 to June 2012	2012
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2011 - 31/12/2011	2011
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2011 - 31/12/2011 Annexes	2011

Author	Title	Year
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2011 - 30/06/2011	2011
EU Delegation in Lesotho	EXTERNAL ASSISTANCE MANAGEMENT REPORT (EAMR) PERIOD: 01/01/2011 - 30/06/2011 Annexes	2011
EU Delegation in Lesotho	External Assistance Management Report (EAMR) period: January 2011 to June 2011	2011
EU Delegation in Lesotho	STANDARD FORMAT - EXTERNAL ASSISTANCE MANAGEMENT REPORT (January 2010 - December 2010)	2011
EU Delegation in Lesotho	STANDARD FORMAT - EXTERNAL ASSISTANCE MANAGEMENT REPORT (January 2009- December 2009)	2010
EU Delegation in Lesotho	STANDARD FORMAT - EXTERNAL ASSISTANCE MANAGEMENT REPORT (January 2010 - June 2010)	2010
EU Delegation in Lesotho	STANDARD FORMAT - EXTERNAL ASSISTANCE MANAGEMENT REPORT (January 2009 to June 2009)	2009
EU Delegation in Lesotho	STANDARD FORMAT - EXTERNAL ASSISTANCE MANAGEMENT REPORT (January 2008 to December 2008)	2009
EU Delegation in Lesotho	ANNEX A STANDARD FORMAT - EXTERNAL ASSISTANCE MANAGEMENT REPORT (January 2008 to June 2008)	2008
EU Delegation to the kingdom of Lesotho	Annex to press release of 29 January 2013: LESOTHO AND EUROPEAN UNION STRENGTHEN THEIR CO-OPERATION DURING 2013	2013
European Commission	Comments on the External Assistance Management Report (EAMR) January to December 2013 - Lesotho	2014
European Commission	National Indicative Programme (2014-2020) for the co-operation between the Kingdom of Lesotho and the European Union	2014
European Commission	Interim Narrative and Financial reports for the project "Capacity Building and Strengthening of Vulnerable Groups in Lesotho through working with local authorities and Agricultural Resource Centre" January to December 2013	2014
European Commission	Interim Narrative Report of the project "Promotion of Water, Sanitation and Hygiene" October 2013 to March 2014	2014
European Commission	Addendum 1 to Grant contract for the project "Promotion of Water, Sanitation and Hygiene"	2014
European Commission	Strengthening governance of social protection in Lesotho: Building an integrated social protection system phase III - Description of action	2014
European Commission	Comments on the External Assistance Management Report (EAMR) January to December 2012 - Lesotho	2013
European Commission	Interim Narrative Report for the project "Sustainable livelihood through integrated agriculture, working with the agricultural resources center" October 2011 to March 2013	2013
European Commission	Interim Narrative Report of the project "Promotion of Water, Sanitation and Hygiene" September 2012 to October 2013	2013
European Commission	Monitoring report of the project "Promotion of Water, Sanitation and Hygiene"	2013
European Commission	Social Protection in European Union Development Cooperation	2012
European Commission	Comments on the External Assistance Management Report (EAMR) - January to June 2012 - Lesotho	2012
European Commission	Action Fiche for Lesotho- Social Protection for Orphans and other Vulnerable Children - Phase II (and annexes)	2012
European Commission	Addendum N°1 to Financing Agreement between the Kingdom of Lesotho and the European Commission. Strengthening the Lesotho Justice Sector	2012

Author	Title	Year
European Commission	COMMISSION DECISION of 18/10/2011 on the Annual Action Programme 2011 in favour of the Kingdom of Lesotho to be financed from the 10th European Development Fund	2011
European Commission	Increasing the impact of EU Development Policy: an Agenda for Change	2011
European Commission	Comments on the External Assistance Management Report (EAMR)- January to June 2011 - Lesotho	2011
European Commission	Comments on the External Assistance Management Report (EAMR)- January to December 2011 - Lesotho	2011
European Commission	Interim Narrative Report for the project "Sustainable livelihood through integrated agriculture, working with the agricultural resources center" January to October 2011	2011
European Commission	Action Fiche for OVC II project (action fiche and related annexes)	2011
European Commission	COMMISSION DECISION of 21.12.2010 on the 2010 Annual Action Programme in favour of the Kingdom of Lesotho to be financed from the 10 <sup>th</sup> European Development Fund	2010
European Commission	COMMISSION DECISION of 16/11/2010 on the adoption and financing of Special measures in favour of the Republic of Benin, the Republic of Cape Verde, the Kingdom of Lesotho and the Republic of Samoa, to cope with the impact of the global crisis	2010
European Commission	LESOTHO: Comments on the External Assistance Management Report (EAMR) August to December 2009 including EDF Financial Forecasts 2010-2011	2010
European Commission	Action fiche (and its annexes) for the Project "Deepening Decentralisation and NSA Support Programmes" (DDNSP)	2010
European Commission	COMMISSION DECISION of 16 December 2009 in favour of Lesotho to be financed from the 10 <sup>th</sup> European Development Fund	2009
European Commission	LESOTHO: Comments on the Annual Management Plan 2009 and the External Assistance Management Report (EAMR) July 2008 to January 2009 including EDF Financial Forecasts 2009-2010	2009
European Commission	Action Fiche Lesotho Water and Sanitation Sector Policy Support Programme LWSSPSP (CRIS 021/644)	2009
European Commission	Fact sheet on the interim Economic Partnership Agreements SADC GROUP	2009
European Commission	Action Fiche for Lesotho - Input trade fairs and measures to increase seed security	2009
European Commission	EC decision for implementing the facility for rapid response to soaring food prices in developing countries to be financed under Article 21 02 03 of the general budget of the European Communities in 2009	2009
European Commission	Summary for the commission: Measures for implementing the facility for rapid response to soaring food prices in developing countries, budget 2009	2009
European Commission	EC decision for implementing the facility for rapid response to soaring food prices in developing countries to be financed under Article 21 02 03 of the general budget of the European Communities in 2009- other related documents	2009
European Commission	2009 Annual Action Programme for Non-State Actors and Local Authorities in Development	2009
European Commission	Global Addendum to the Financing Agreement between the commission of the European communities and the SADC member states " Regional Support for an expanded Multisectorial response to HIV/AIDS in the SADC region"	2009



Author	Title	Year
European Commission	Comments on the External Assistance Management Report (EAMR) January-June 2008 and EDF Financial Forecasts 2008-2009	2008
European Commission	Strengthening the Lesotho Justice Sector – Identification fiche for Project approach	2008
European Commission	Note for the attention of Mr Gary Quince Director AIDCO C - Subject: Mission report of Guy Jenkinson	2006
European Commission	Evaluation of the European Commission's Country Strategy for Lesotho – ref. 951658	2004
European Commission	Financing Agreement between the commission of the European communities and the SADC member states " Regional Support for an expanded Multisectorial response to HIV/AIDS in the SADC region" (agreement and related documents)	2000
European Commission	Quality Grid Evaluation of the EC cooperation with SADC- Final Report	n.d.
European Commission	Final Narrative Report for the project "Sustainable livelihood through integrated agriculture, working with the agricultural resources center" October 2011 to March 2013	n.d.
European Commission	MEMORANDUM TO THE COMMISSION CONCERNING THE Annual Action Programme covered by the programming documents National Indicative Program for the 11th European Development Fund in favour of Lesotho for 2014	n.d.
European Commission	Draft Financing agreement between the European Commission and the Kingdom of Lesotho for the project "Strengthening Governance of Social Protection in Lesotho: Building an Integrated Social Protection System " (Agreement and related annexes)	n.d.
European Commission	Draft Identification fiche (and annexes) for the project "Strengthening Governance of Social Protection in Lesotho: Building an Integrated Social Protection System "	n.d.
European Commission	Draft Action fiche for the project "Strengthening Governance of Social Protection in Lesotho: Building an Integrated Social Protection System "	n.d.
European Commission	Strengthening the Lesotho Justice Sector – Action fiche	n.d.
European Commission - Trade	Fact sheet on the interim Economic Partnership Agreements AN OVERVIEW OF THE INTERIM AGREEMENTS	n.d.
European Commission and Send a Cow Lesotho association	Addendum 1 to Grant Contract for the project " Sustainable livelihood through integrated agriculture, working with the agricultural resources center" (contract and related annexes)	2012
European Commission and Send a Cow Lesotho association	Addendum 2 to Grant Contract for the project " Sustainable livelihood through integrated agriculture, working with the agricultural resources center" (contract and related annexes)	2012
European Commission and Send a Cow Lesotho association	Grant contract for the project "Capacity Building and Strengthening of Vulnerable Groups in Lesotho through working with local authorities and Agricultural Resource Centre" (Contract and related annexes)	2012



Author	Title	Year
European Commission and Send a Cow Lesotho association	Grant Contract for the project " Sustainable livelihood through integrated agriculture, working with the agricultural resources center" (contract and related annexes)	2010
European Commission and Catholic commission for justice and peace association	Addendum 1 to Grant Contract for the project "Strengthening Civil Society in Lesotho" (contract and related annexes)	2012
European Commission and Catholic commission for justice and peace association	Grant Contract for the project "Strengthening Civil Society in Lesotho (SCIL 2)" (contract and related annexes)	2010
European Commission and the German Red Cross	Addendum N°1 to grant contract N° DCI-FOOD/2009/213-927	2011
European Commission and the Kingdom of Lesotho	Documents relative to the 1st, 2nd and 3rd Fixed Tranche of PRBS II Year 2012-2013-2014	2014
European Commission and the Kingdom of Lesotho	Documents relative to the Variable Tranche of PRBS I Year 2012-2013-2014	2014
European Commission and the Kingdom of Lesotho	Addendum No1 to the Financing Agreement between the Kingdom of Lesotho and the European Commission. Water and Sanitation Sector Policy Support Programme	2013
European Commission and the Kingdom of Lesotho	Addendum No 1 Financing Agreement between the Kingdom of Lesotho and the European Commission. Poverty Reduction Budget Support Phase II (PRBS II)	2013
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Support to the Climate Change Response Strategy (LS/DCI-ENV/023-850)	2013
European Commission and the Kingdom of Lesotho	Documents Related to the First Fixed Tranche FY 2012-2013 of the Water and Sanitation Sector Policy Support Programme	2012
European Commission and the Kingdom of Lesotho	Documents relative to the 1st, 2nd and 3rd Fixed Tranche of PRBS I FY 2009/2010; 2010/2011; 2011/2012	2012

Author	Title	Year
European Commission and the Kingdom of Lesotho	Documents relative to the Variable Tranche of PRBS I FY 2010/2011; 2011/2012	2012
European Commission and the Kingdom of Lesotho	Addendum No 1 to the Financing Agreement between the Kingdom of Lesotho and the European Commission. Local Governance and Non-State actors Support Programme	2011
European Commission and the Kingdom of Lesotho	Addendum No1 Financing Agreement between the Kingdom of Lesotho and the European Commission. Deepening Decentralisation and Non-State Actor Programme	2011
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Water and Sanitation Sector Policy Support Programme	2011
European Commission and the Kingdom of Lesotho	Documents Related to the First Fixed Tranche FY 2011-2012 of the Water and Sanitation Sector Policy Support Programme	2011
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Social Protection for Orphans and other Vulnerable Children - Phase II	2011
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Poverty Reduction Budget Support Phase II (PRBS II)	2011
European Commission and the Kingdom of Lesotho	Financing Agreement - Deepening Decentralisation and NSA Support Programme	2011
European Commission and the Kingdom of Lesotho	Financing agreement between the European Commission and the Kingdom of Lesotho for the project "Social protection for orphans and other vulnerable children phase II (OVCII)" (agreement and related annexes)	2011
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Deepening Decentralisation and Non-State Actor Programme	2010
European Commission and the Kingdom of Lesotho	Action Fiche on PRBS II and supplementary documents	2010
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Strengthening the Lesotho Justice Sector (and its annexes)	2010
European Commission and the Kingdom of Lesotho	Joint Annual report (2009) EU & Lesotho –Final report	2009

Author	Title	Year
European Commission and the Kingdom of Lesotho	Global addendum to the Financing agreement between the European Commission and the Kingdom of Lesotho for the project "Support to Lesotho HIV/ AIDS Response: Empowerment of Orphans and Vulnerable Children" (agreement and related annexes)	2009
European Commission and the Kingdom of Lesotho	Addendum N°1 to Financing agreement TCF II (Main document and annexes)	2009
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Poverty Reduction Budget Support Phase I (PRBS I)	2008
European Commission and the Kingdom of Lesotho	Joint Annual report (2008) EU & Lesotho –Final report	2008
European Commission and the Kingdom of Lesotho	Addendum 2 to the Country Strategy Paper and National Indicative Programme	2007
European Commission and the Kingdom of Lesotho	Country Strategy Paper and Indicative Programme for the period 2008-2013	2007
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Local Governance and Non-State actors Support Programme	2007
European Commission and the Kingdom of Lesotho	Financing Agreement between the Kingdom of Lesotho and the European Commission. Capacity in Economic Planning Phase 2	2007
European Commission and the Kingdom of Lesotho	Addendum No. 1 to Financing Agreement between the Kingdom of Lesotho and the European Commission. Capacity in Economic Planning Phase 2 Programme	2007
European Commission and the Kingdom of Lesotho	Addendum No. 1 to FA 9397/"Lesotho Water and Sanitation Sector Programme (LWSSP)"	2007
European Commission and the Kingdom of Lesotho	Financing Agreement - Local Governance and Non-State Actors Support Programme Technical and Administrative provisions for Implementation	2007
European Commission and the Kingdom of Lesotho	Financing agreement between the European Commission and the Kingdom of Lesotho for the project "Technical Cooperation Facility II (TCF II)" (agreement and related annexes)	2007
European Commission and the Kingdom of Lesotho	Financing agreement between the European Commission and the Kingdom of Lesotho for the project "Support to Lesotho HIV/ AIDS Response: Empowerment of Orphans and Vulnerable Children" (agreement and related annexes)	2006

Author	Title	Year
European Commission and the Kingdom of Lesotho	Addendum to the Country Strategy Paper and National Indicative Programme	2005
European Commission and the Kingdom of Lesotho	Financing Agreement Lesotho Water and Sanitation Sector Programme (LWSSP) (LSO/02105) EDF IX	2005
European Commission and the Kingdom of Lesotho	Country Strategy Paper and Indicative Programme for the period 2001-2007	2002
European Commission and the Kingdom of Lesotho	Addenda I (2009) and II (2010) to the Financing Agreement between the Kingdom of Lesotho and the European Commission. Poverty Reduction Budget Support I	2009, 2010
European Commission and World Vision International Lesotho Office	Grant contract for the project "Promotion of Water, Sanitation and Hygiene" (contract and related annexes)	2012
European commission, ACP Committee of Ambassadors	INTRA-ACP Cooperation - 10 <sup>th</sup> EDF STRATEGY PAPER AND MULTIANNUAL INDICATIVE PROGRAMME 2008-2013	2009
European Community and the Southern African Development Community (SADC) region	Addendum to the EDF 9 Regional Strategy Paper and Regional Indicative Programme 2002-2007	2007
European Community and the Southern African Development Community (SADC) region	Regional Strategy Paper and Regional Indicative Programme For the period 2002-2007	2002
European Community and the Southern African region	Regional Strategy Paper and Regional Indicative Programme 2008-2013	2008
European Report on Development	The EU and social protection in Africa	2010
European Report on Development	The EU and Social Protection in Africa	
European Union and the ACP states	Addendum to the intra-ACP Strategy Paper and Multi-Annual Indicative Programme for 2008-2013	2012
Evaluation and Audit Unit - DFAT	Irish Aid Lesotho Country Strategy Programme (2008-2012) Evaluation	

Author	Title	Year
FAO	Resilience Strategy Lesotho	2013
FAO	Research Brief - Impact of the Child Grant Programme on the Local Economy of Lesotho	2013
FAO	Evaluating Local General Equilibrium Impacts of Lesotho's Child Grants Programme	2013
FAO	POLICY BRIEF - THE BROAD RANGE OF IMPACTS OF THE CHILD GRANT PROGRAMME IN LESOTHO	n.d.
FAO	POLICY BRIEF - POLICY OPTIONS FOR THE LESOTHO CHILD GRANTS PROGRAMME	n.d.
Franca Eirich and Anita Morrison	SOCIAL SCIENCE METHODS SERIES. Guide 6: Contribution Analysis	n.d.
Government of Lesotho	Lesotho National Social Protection Strategy	2014
Government of Lesotho	National Vision 2020	2003
Government of Lesotho DWA Lowlands Water Supply Unit	Metolong dam environmental and social impact assessment – Final report – Volume 1 : main report.	2007
Government of Lesotho, Ministry of Development Plan	National Strategic Development Plan 2012/13 – 2016/17	2013
Government of the Kingdom of Lesotho	National Social Protection Strategy	2014
Government of the Kingdom of Lesotho	National Strategic Development Plan 2012/13 - 2016/17 Growth and Development Strategic Framework Towards an accelerated and sustainable economic and social transformation	2012
Government of the Kingdom of Lesotho - Ministry of Natural resources	Lesotho Water and Sanitation Policy – Final draft	2007
Government of the Kingdom of Lesotho - Ministry of Social Development	National Social Protection Strategy	2014
Hall Mary	Monitoring report (MR- 00838.01) of the project " Regional Support for an expanded Multisectorial response to HIV/AIDS"	2002
Hydroarch	Quarterly reports TA to the Water & Sewerage Authority (WASA)	2010
Hydroarch	Quarterly reports TA to the Water & Sewerage Authority (WASA)	2009
IBF International Consulting	Study on Social Protection in Sub-Saharan Africa Final Report	2013
IBF International Consulting	Study on Social Protection in Sub-Saharan Africa Lesotho Case Study Report	2013
ILO	POLICY BRIEF: Social protection floors in the post-2015 agenda: TARGETS AND INDICATORS	
IMF	KINGDOM OF LESOTHO SIXTH REVIEW UNDER THE THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY	2013

Author	Title	Year
IMF	Kingdom of Lesotho: 2008 Article IV Consultation—Staff Public Information Notice on the Executive Board Discussion; and Statement by the Report; Staff Supplement; Executive Director for the Kingdom of Lesotho	2010
IMF	Kingdom of Lesotho: Statistical Appendix	2010
INISS Melanie	ROM (MR-135721.01) of the project "Food Facility Support to households affected by HIV/AIDS" (and related documents)	2010
Irish Aid Lesotho	Human Resource Needs Assessment for the Lesotho W&S Sector Report	2011
J. Edward Taylor, Karen Thome, and Mateusz Filipski (PtoP)	Evaluating Local General Equilibrium Impacts of Lesotho's Child Grants Programme	2013
Jorge Iván Canales-Kriljenko, Farayi Gwenhamo, and Saji Thomas	Inward and Outward Spillovers in the SACU Area	2013
Katharine VINCENT, Nicholas FREELAND	Upwardly Mobile: The Potential to Deliver Social Protection by Cellphone in Lesotho	n.d.
KHONDKER Bazlul and FREELAND Nicholas	Cost estimates of core life course schemes proposed under Lesotho National Social Protection Strategy	2014
Kingdom of Lesotho	National Strategic Plan for HIV and AIDS, STIs and TB, 2012-2016	2013
Kingdom of Lesotho	The Lesotho CAADP Compact to Support the Successful Implementation of the Agriculture Strategic Plan for the Transformation of the Agriculture Sector under Lesotho's National Strategic Development Plan	2013
Kingdom of Lesotho	OFFICIAL PERFORMANCE REPORT OF THE COALITION GOVERNMENT OF LESOTHO FOR THE FIRST 100 DAYS	2012
Kingdom of Lesotho	National Drought Contingency Plan	2010
Kingdom of Lesotho	Poverty Reduction Strategy 2004/2005-2006/2007	n.d.
KINGDOM OF LESOTHO MINISTRY OF LOCAL GOVERNMENT, CHIEFTAINSHIP AND PARLIAMENTARY AFFAIRS	Diagnostic Assessment of Decentralization in Lesotho Inception Report	2013
Lesotho Meteorological Services	Change in Lesotho - A Handbook for Practitioners	2001
Luca Pellerano and al. (OPM)	CGP Impact Evaluation Targeting and Baseline evaluation report	2012
MARIN Mercedes	ROM (MR-125320.01) of the Local Governance and Non-State actors Support Programme	2009

Author	Title	Year
MARIN Mercedes	ROM (MR-125321.01) of the Capacity Building for Economic Planning Phase II Programme	2009
MAYNE John	Making causal claims	2012
MAYNE John	Making Contribution Claims	2011
MAYNE John	Contribution analysis: An approach to exploring cause and effect	2008
Metolong Authority	Notice of Meetings (Water Commission)	2010
Ministry of Finance and Development Planning – COWI FWC	Assistance to prepare a performance assistance framework and a 10th EDF sector support programme for Lesotho - Report 6 & Final Assessment	2010
Ministry of Health and Social Welfare	Annual Joint Review Report 2007/08 FY (Health and Social Welfare)	2008
Moshoeshoe Zakhe	Monitoring report (MR- 00838.02) of the project " Regional Support for an expanded Multisectorial response to HIV/AIDS"	2006
MOTSAMAI Bore, KEATIMILWE Kagiso and MOTEBANG Pamela	Lesotho Country Report	n.d.
MWH – ECDPM – ODI	EVALUATION OF THE EUROPEAN COMMISSION'S COUNTRY STRATEGY FOR LESOTHO Draft final Report Supporting Annexes	2004
MWH – ECDPM – ODI	EVALUATION OF THE EUROPEAN COMMISSION'S COUNTRY STRATEGY FOR LESOTHO Draft final Report	2004
MWH Consortium	Evaluation of the European Commission's Country Strategy for Lesotho, Synthesis Report, Volume 1	2004
MWH Consortium	Evaluation of the European Commission's Country Strategy for Lesotho, Annexes, Volume 2	2004
Nadia Zuodar	Lesotho Resilience Strategic Framework 2013-2017	2014
Nadia Zuodar on behalf of DRMT (and World Food Programme)	Lesotho Resilience Framework draft report and presentation	2014
National AIDS Commission - Government of Lesotho	NATIONAL HIV & AIDS STRATEGIC PLAN (2006-2011)	2006
NGARE Purity	ROM 022095 of the programme Enhancing Social Protection for Orphans and Vulnerable Children - II	2013
Nicholas Freeland (Development pathways)	Lesotho: National social protection strategy Inception Report	2014
NOEL DE BURLIN Brieuc	ROM (MR-125321.02) of the Capacity Building for Economic Planning Phase II Programme	2010
NOVIO GARCIA Christina	ROM (MR-125321.03) of the Capacity Building for Economic Planning Phase II Programme	2011
Oladele O. Arowolo (Prof.)	Evaluation of the GoL/UNFPA 5 <sup>th</sup> country programme 2008 – 2012 - Final Report	2012
Oxford Policy Management	Child Grants Programme Impact Evaluation Follow-up Report	2014



Author	Title	Year
Oxford Policy Management	LESOTHO CHILD GRANTS PROGRAMME The historic and future costs of the CGP and its affordability Final	2014
Oxford Policy Management	Child Grants Programme Impact Evaluation Follow-up Report	2014
Oxford Policy Management	CGP IMPACT EVALUATION (UNICEF/FAO) Targeting and baseline evaluation report	2012
Oxford Policy Management	SUPPORT TO LESOTHO HIV AND AIDS RESPONSE: EMPOWERMENT OF ORPHANS AND OTHER VULNERABLE CHILDREN - Final Evaluation	2012
Particip & EPRD, John Sykes, Dinky Bogatsu & Frits Raijmakers	Final Evaluation of the Local Governance and Non-state Actors Support Programme Contract N° 2011/267985/1	2011
Particip, EPRD	Final Evaluation of the Local Governance and Non-state actors Support Programme	2011
POHL Consulting and Associates	Final Evaluation of the Project Capacity Building for Economic Planning, Phase II Programme	2012
PRIME MINISTER'S OFFICE DISASTER MANAGEMENT AUTHORITY	NATIONAL DISASTER RISK REDUCTION POLICY	2011
PROSPERI Valentina	ROM of the project SCIL 2	2012
PROSPERI Valentina	ROM of the project "Sustainable livelihood through integrated agriculture, working with the agricultural resources center"	2012
PTR Consultant	10th EDF Mid-Term Review of the Country Strategic Paper Draft Paper	2009
Purity NGARE	ROM (MR- 146942.01) of the project OVC II	2013
Rajen Prasad (Dr), Commonwealth Adviser	Governance in Lesotho: Repositioning for success, Report on the study visit to New Zealand by a Delegation from the Kingdom of Lesotho	2014
Relebohile Mabote and Monika Mayer	INTERIM NARRATIVE REPORT Food Facility Support to Households Affected by HIV/AIDS, Berea and Leribe Districts	2011
SAFEGE	ETR of the Lesotho Water and Sanitation Sector Programme	2013
SAFEGE	End of Term Review of the Lesotho Water and Sanitation Sector Programme (9 ACP LSO 005) (Main report and annexes)	2013
Severn Trend Service International	Technical Assistance to WASA – Provision of Training Services Final Report	2010
Silvia CARO	ROM (MR-109260.04) of the project "Support to Lesotho HIV/ AIDS Response: Empowerment of Orphans and Vulnerable Children"	2011
SMEC	METOLONG DAM ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT - FINAL REPORT (Main report and Annexes)	2007
Southern African Development Community, European Community	Regional Strategy Paper and Regional Indicative Programme for the period 2008-2014 Executive Summary	2008
STDE/SAFEGE	Mid-Term Review of the Lesotho Water and Sanitation Sector Programme (9 ACP LSO 005) - Final Report	2009



Author	Title	Year
Stephen Devereux and al.	IDS Bulletin Vol 38 Number 3: editorial introduction debating social protection	2007
Stephen Devereux and Philippe White	RHVP: Pilots, principles or patronage: what makes social protection succeed in southern Africa? Paper prepared for the workshop 'Social Protection and Ideologies of Welfare in Southern Africa' University of Oxford	2007
Sylvie Nicole	Formulation Mission on Governance and Justice in Lesotho – Final Report	2009
THORTON Paul et al.	DFID Southern Africa Programme Evaluation 2004-2009	2010
THYRA A. RILEY, REFAEL "RAFI" BENVENISTI	Africa Can Compete! The Miracle of Tiny Lesotho—Sub-Saharan Africa's Largest Garment Exporter	2010
TURNER Stephen	Livelihoods in Lesotho	2001
UN and government of the kingdom of Lesotho	Lesotho United Nations Development Assistance Plan (LUNDAP) 2013 – 2017	2012
UN Comtrade	Trade System: General	
UNAIDS	Investing for results. Results for people. A people-centred investment tool towards ending AIDS	2012
UNAIDS & WHO	Epidemiological Factsheet	
UNDP	Annual Progress Report DEEPENING DECENTRALISATION PROGRAMME	2013
UNDP	LESOTHO NATIONAL ACTION PLAN FOR CAPACITY DEVELOPMENT IN DISASTER RISK REDUCTION 2007 to 2015	2010
UNDP & UNAIDS	HIV/AIDS Understanding and acting on critical enablers and development synergies for strategic investments	2012
UNDRMT-Maseru	Briefing on Resilience Lesotho	2014
UNDRMT-Maseru	Resilience Framework Lesotho	2014
UNEP	Climate change : Lesotho executive summary	2014
UNEP & Lesotho Meteorological Services	Climate change study in Lesotho – Green house gas emissions inventory report for the base year 1994	1998
UNICEF	STRENGTHENING GOVERNANCE OF SOCIAL PROTECTION IN LESOTHO: BUILDING AN INTEGRATED SOCIAL PROTECTION SYSTEM PHASE III DESCRIPTION OF ACTION	2014
UNICEF	Lesotho Country Profile	2014
UNICEF	Lesotho Situation Report Health, Nutrition and Hygiene: Mid-year update: Situation Report #3 Reporting Period: 01 January to 31 July 2013	2013
UNICEF	Lesotho Country programme document 2013-2017	2012
UNICEF	Integrated Social Protection Systems Enhancing Equity for Children Executive Summary	
UNICEF	Integrated Social Protection Systems Enhancing Equity for Children	
UNICEF Lesotho	ENHANCING SOCIAL PROTECTION FOR ORPHANS AND VULNERABLE CHILDREN MIDTERM NARRATIVE REPORT	2014
UNICEF Lesotho	ENHANCING SOCIAL PROTECTION FOR ORPHANS AND VULNERABLE CHILDREN INTERIM NARRATIVE REPORT	2014
UNICEF Lesotho	Mid-Term Review of the Project: "Lesotho HIV/AIDS Response: Empowerment of Orphans and Vulnerable Children" FINAL REPORT	n.d.

Author	Title	Year
United Nations	Lesotho Flash Appeal	2012
United Nations Lesotho	Inter-agency coordination Mechanism	
USAID Office of Food for Peace	Lesotho Food Security Rapid Rural Appraisal Report	2013
W. James Smith, Emma Mistiaen, Melis Guven and Morabo Morojele (World Bank)	Lesotho A safety Net to End Extreme Poverty, discussion paper No1409	2013
WARING Bruce	ROM (MR-125320.02) of the Local Governance and Non-State actors Support Programme	2010
WASCO/ Posh & Partners Ltd	Mid-term review of Maseru Wastewater project within the European Union Water Facility Grant Scheme – Final report	2012
WFP	Resilience Measurement Principles TOWARD AN AGENDA FOR MEASUREMENT DESIGN	2014
WFP	Cash for Asset Final Report - Lesotho	2014
WFP	COUNTRY PROGRAMME LESOTHO 200369 (2013–2017)	2012
WHO Regional Office for Africa	WHO COUNTRY COOPERATION STRATEGY 2008–2013 LESOTHO	2009
World Bank	Lesotho A Safety Net to End Extreme Poverty	2013
World Bank	Africa Social Protection Policy Briefs: Affordability and Financing of Social Protection Systems	2012
World Bank	International Development Association Country assistance strategy for the Kingdom of Lesotho	2010
World Bank	LESOTHO PUBLIC FINANCIAL MANAGEMENT PERFORMANCE REVIEW	2006
World Bank	WB series GDP	
World Bank Operations Evaluation Department Evaluation Capacity Development	MONITORING & EVALUATION: Some Tools, Methods & Approaches	2004
World Food Programme	EMOP 200367	2012
World Food Programme	SPR 200367	2012
World Food Programme	EMOP 200367	2011
WRP (Pty) Ltd and CoW	State of Water Resources 2010/2011 - Final Report	2012
WRP/Ministry of Natural Resources GoL	1st Annual State of Water Resources report (April 2010-March 2011) Draft Final report	2012
WS Atkins International Limited	Final Evaluation of The Lesotho Micro Project Programme (MPP) (Project No. 8 ACP LSO 003)	2009
Zoe Scott	GSDRC Top Guide on social protection	2012
ZUODAR Nadia	Briefing on Resilience Lesotho	2014
ZUODAR Nadia	Resilience Framework Lesotho	2014

Author	Title	Year
ZUODAR Nadia	Resilience Strategic Framework Lesotho 2013-2017	2014
	Better Evaluation – Sharing information to improve evaluation : Contribution Analysis	2014
	DISASTER RISK REDUCTION, EMERGENCY PREPAREDNESS AND RESPONSE CAPACITY ASSESSMENT Kingdom of Lesotho	2013
	Lesotho Market Context Report	2013
	ROM 05/12/2012 Field phase report LS2010/021-6	2012
	ROM (MR-110821.02) of the Lesotho Water and Sanitation Sector Policy Support Programme LWSSPSP	2009
	ROM (MR-110821.03) of the Lesotho Water and Sanitation Sector Policy Support Programme LWSSPSP	2010
	ROM (MR-02188.01) of the Lesotho Water and Sanitation Sector Policy Support Programme LWSSPSP	2007
	ROM (MR-02188.02) of the Lesotho Water and Sanitation Sector Policy Support Programme LWSSPSP	2009
	Africa Adaptation Programme – Lesotho Project	2009
	Aide Mémoire - Joint Development Partners review of Prospects for Budget Support in Lesotho 10th to 20th May 2006	2006
	Road Map: Key building blocks for the establishment of budget support to the Poverty Reduction Strategy	2006
	Timetable of Joint Donor Mission: Budget Support 10th – 20th May 2006	2006
	« FICHE CONTRADICTOIRE » Evaluation of the EC Country Strategy for Lesotho	2004
	« FICHE CONTRADICTOIRE » Evaluation of the Commission's support to the southern Africa Development Community, SADC	n.d.
	Environment Act 2008	n.d.
	Interim narrative report for the project SCIL 2 (year 1)	n.d.
	Interim narrative report for the project SCIL 2 (year 2)	n.d.
	Lesotho - ETR Conclusions	n.d.
	Lesotho 10 <sup>th</sup> EDF Mid-term review MTR Conclusions Executive Summary and Conclusions	n.d.
	Lesotho draft end-term review conclusions	n.d.
	Lesotho draft mid-term review conclusions	n.d.
	Report of the Public Accounts Committee of the Eighth Parliament on the Auditor General's Report for the financial year 2008/2009	n.d.



## Annex 9: List of People met

### European Commission, Brussels

NAME Surname	Position
ANDERSON Berith	Geographical Unit Lesotho and Swaziland
BECKER Anna	Former Lesotho DEU, then EEAS Lesotho, now AIDCO
BONDO TSHIANI Augustin	South Africa Geographic Coordinator
CARRO CASTRILLO Angel	EEAS, Head of Division, Southern Africa
DE BACKER Harry	EEAS (Swaziland, Lesotho)
DILLON Bridget	JEU
FISHER Claudia	EEAS South Africa desk
JENKINSON Guy	BS Unit 03 (phone interview)
JURRIET Sarah	Former Lesotho DEU, now AIDCO
KALINAUCKAS Josephine	Former Head of Cooperation, Lesotho
MARIGNANI Deborah	Geographic coordinator East and Southern Africa BS
MARIN NORTES Mercedes	International Aid/Cooperation Officer, Geographic coordination East Africa
MARTIN Alicia	Social and Human Development
MUELLER Iris	BS Unit 03
PENNINGTON Michael	Geographic coordination of Southern Africa and Indian Ocean – Head of section
PIERDICCA Chiara	Former Geographical coordinator Lesotho
RAUDOT Charles	JEU
SCYNER Andrew	Regional Programmes
VON KIRCHMANN Jobst	Head of Unit - Finance, Contract, Legal and Audit
WALLEF Lionel	Transport/Infrastructure/Water
XXX Diane	Optimus - Finance, Contract, Legal and Audit

### Delegation of the European Union, Maseru, Lesotho

NAME Surname	Position
DE BOER Sjaak	Programme Manager Water Energy and Climate Change
DOYLE Michael	Head of Delegation
DUYNHOUWER Hans	Former Head of Delegation
MAFETHE Mokome	Project Officer, Governance
HOMAYOUN Mariam	Programme Manager – Governance (operations)
KASPERS Theo	First Councillor, HoC
PHAKISI Mary	Logistics Officer
POULS Karen	Head of Finance and Contracts
SALLEY Lucita	Operations Secretariat
TORNI Jyrki	First Secretary Operations

## Member States in Lesotho

NAME Surname	Position
FIEBIG Heinz	German honorary Consul
KLOECKNER Armin	Programme Manager, GiZ
MCGRATH Brendan	Head of Development, Irish Aid (no longer in Maseru)
MOLAPO Lifuo	Senior Programme Officer, GIZ

## UN Agencies &amp; other Donors in Lesotho

NAME Surname	Position
NIANG Ousmane	Chief Social Policy in Unicef
NYANE Hoolo	Programme Manager, IDP, UNDP
PELLETREAU Elisabeth	USAID Resident Representative
RAMIREZ Bettina	Social protection consultant Unicef
BORGA Miguélez	Emergency and Rehabilitation Coordinator, FAO
NJOROGE Mary	Country Director, WFP Lesotho
MONGONI Arduino	Deputy Director, WFP Lesotho
LWAMBA Chibwe	Strategic Information Advisor, UNAIDS
THABO	Governance Adviser, UNDP
SHIFERAW Tesfaye	UNICEF Representative

## Government of Lesotho

NAME Surname	Position
	PS Ministry of Development Planning
	Director of M&E, Ministry of Planning
FRASER Bill	TA to the Head of Planning, Ministry of Finance
JAASE Ntsiuoa L.	Director, Ministry of Planning
KHAMAELA Shampene	Accountant, Ministry of Energy, Meteorology and Water Affairs, CoW
KOTO Molise	Chief economic Planner & Deputy NAO, Ministry of Finance
KOTO Molise	Ministry of Finance, Deputy NAO/Economic planner
KSERITI, Ms.	Macro-economic policy Unit, Ministry of Finance
Lebolang Maseru	Water resources department, Ministry of Energy, Meteorology and Water Affairs, CoW
LEBONA Nthoateng	Director Dept of Policy and Strategic Planning, , Ministry of Planning
LEKOMOLA, Mrs	Budget officer department
LEROTHOLI, Mathealira Paul	Chief executive, WASCO
LESOMA Emmanuel	PS Ministry of Water
LETSIE Khosi	Budget Controller, Acting PS, Ministry of Finance
LETSOELA P.A.	Member of Parliament, Proportional representation, National Assembly
LEUTA, Mrs	Acting budget controller, Ministry of Finance
Mabakoena Moonyane	Economic & planning division, Ministry of Energy, Meteorology and Water Affairs, CoW

NAME Surname	Position
MAKOA Moeti	Director Operations & Maintenance, WASCO
MAKOPELA	Head of Planning, Ministry of Finance
MALACHAMELA Felix	Ministry of Water
MALACHAMELA Felix	Head M&E, Ministry of Energy, Meteorology and Water Affairs, CoW
MALEBO V.M., MP	Chairperson for the Public Accounts Committee, Proportional representation, National Assembly
MALIKHALISO Notsi	Aid Planning Coordination, Ministry of Finance
MALUKE M.	Chair person Committee, National Assembly
Mamaseko Lefothane	Procurement, Ministry of Energy, Meteorology and Water Affairs, CoW
MAMATHE Makhaola	Engineering division, WASCO
MANKETSI Makara	Aid Coordination Unit, Ministry of Finance
MASASA Malafatsane	Director of Planning, Ministry of Social Development
MASEATILE Motoho	Chief W&S Eng, Ministry of Energy, Meteorology and Water Affairs, CoW
Matebele Setefane	Environment division, Ministry of Energy, Meteorology and Water Affairs, CoW
MOEKETSI, Mrs	Regional Integration, SACU, Ministry of Finance
MOJAKISANE Mokake	Commissioner of Water (CoW) Ministry of Energy, Meteorology and Water Affairs, CoW
MOKOALELI Mateboho	Ministry of Finance, NAO Office, Senior Economic Planner
MOLAHLEHI Mosa	IT senior system Analyst, Ministry of Energy, Meteorology and Water Affairs, CoW
MOTSELEBANE	IIP Project Coordinator, Ministry of Public Works
MPETA Tom	Deputy Budget/Accountant controller in department of treasury, Ministry of Finance
MPOLEBOLELE Masintle	Budget controller
MUNESA Teboho	Dept Aid coordination, SR eco pol. , Ministry of Planning
NTSIUAO	Director Project Cycle management, Ministry of Planning
PAMA Maselomo C	IIP Project Manager, Director General, Ministry of Public Works
PEKO Potlako	Director M&E Ministry of Planning
PULUMO R	Senior economist, Ministry of Planning
REYNOLDS Keith	Chief Executive Officer, Metolong Authority, Min of Energy Meteorology & Water Affairs
SEKHESA Maphantsi	IFMIS application team leader, Ministry of Finance
SEKOTOLANE Mamokete	Public Accounts Committee, Committee Clerk, National Assembly
SESINYS Betseba	IFMIS ICT Team Leader, Ministry of Finance
SHALE Takatso	Social Protection Manager, Ministry of Social Development
SOAILE Mochaba	Finance Department, WASCO
Teboro Talasi	Economic & planning division, Ministry of Energy, Meteorology and Water Affairs, CoW
TOOKHO Putsoane	Aid Coordination Unit, Ministry of Finance
TSOLELE, Mrs	Director, Debt Unit, Ministry of Finance
TSOLO Motena	Macro-economic policy Unit, Ministry of Finance
TSOLO Motena	Regional Integration, SACU, Ministry of Finance

## Non state actors, Lesotho

NAME Surname	Position
BAWDEN Donna	Former CEO ALAFA
LEPELE Malefetsane	Country Director, Send-a-Cow
LEWTA Mabasotho	Finance & Admin Manager, Send-a-Cow
MOTSAMAI Seabata	LCN Director
MEYER Thomas	World Vision
PALULA Eddie	Grant and Acquisition Manager, World Vision
TAWHALI Mantso	DDPC NSAs Project Coordinator, Send-a-Cow

## South Africa

NAME Surname	Position
AMADOR Christian Yves Gonzalez	Senior Economist, World Bank
Brendan McGrath	Senior Development Specialist , Irish Aid
CHABA Puleng	Deputy Director responsible for Southern Africa (Lesotho, ...), Ministry of Foreign Affairs, South Africa
HAMADZIRIPI Sophie	Programme advisor, Embassy of Ireland
HAMZA, Mrs Amel	Senior Gender Specialist and also water expert, AfDB
MALEKE Bane	General Manager, International Finance, DBSA
MATILA Mothobi	Governance expert and handled the BS for Lesotho, AfDB
NSEERA Edirisa	Sr Country Economist economist for Lesotho, AfDB
PATTERSON Bob	Head of Development, Embassy of Ireland
WILKINS Neil	Lesotho desk, Ministry of Foreign Affairs, South Africa

## Other Delegations of the European Union

NAME Surname	Position
ARISTI Daniel	Former Lesotho DEU, now DEU Botswana
CORNET Jocelyn	Regional programmes, DEU Botswana
SCHAEFFER Arno	Minister Counsellor, Head of Cooperation, Delegation of the European Union in Pretoria



## SADC TIFI

<b>NAME Surname</b>	<b>Position</b>
LANGA Thembi	Senior Programme Officer, Investment and Finance
MOSITSI Lisebo	Programme Officer, Regional Trade in SADC
SHUMBA Willie	Senior Programme Officer, Customs

## SACU Secretariat

<b>NAME Surname</b>	<b>Position</b>
DAYA Yusuf	Deputy Director for Trade Facilitation
MALELEKA David	Deputy Director Revenue Management

## Other

<b>NAME Surname</b>	<b>Position</b>
AYALA Francisco V.	Ayala Consulting Ecuador
COWAN Yolanda	Humanitarian Affair Officer, UNOCHA ROSEA South Africa
GREATHEAD Hugh	Regional Humanitarian Emergency Affairs Director
PELLERANO Luca	Social Protection Consultant, Oxford Policy Management, OPM, Oxford
SINNATHAMBY Daniel	Regional humanitarian coordinator, Oxfam GB South Africa