

Kingdom of LESOTHO

Multi-Annual Indicative Programme 2021 – 2027

1. The overall lines of the EU international cooperation in Lesotho

1.1. Basis for programming

The EU's cooperation with Lesotho is based on long-lasting friendly relations since the country's independence in 1966. It builds on a joint understanding that overcoming perennial political instability and improving service delivery is key for reducing inequalities and lifting Basotho out of poverty. While Lesotho articulates many shared values and is a partner for global political priorities, some key reforms remain overdue. The partnership between the EU and Lesotho is broad and mutually appreciated. Lesotho engages regularly in a fruitful and open dialogue with the EU. Lesotho is also a member to the EU-SADC Economic Partnership

Agreement and benefits from duty and quota free access to the EU market.

The European Union (EU) cooperation in Lesotho is aligned to the country's own development policies and strategies as well as with EU global priorities as outlined in the "EU Africa Alliance for Sustainable Investment and Jobs" and the "Joint Communication Towards a Comprehensive Strategy with Africa". Lesotho's present 2nd National Strategic Development Plan (NSDP II) is a five-year plan, covering the country's budget years 2018/19 to 2022/23. The country's budget year starts on 1st April and ends on 31st March. A subsequent national development plan is likely to be developed before the present one ends, in order to provide a seamless continuation. Furthermore, this MIP is aligned with EU external political priorities and puts focus on key challenges related to environment and climate change. Under the theme "EU Green Deal" the MIP targets cooperation predominantly in the areas of water and energy. The EU Human Rights and Democracy Strategy and the accompanying Action Plan 2020-2024 guide cooperation in the area good governance, peaceful and just society.

The NSDP II sets out the broad policy direction Lesotho is to take to achieve the national aspirations articulated in Vision 2020. The policies set out in the Plan are consistent with the United Nation's 2030 Sustainable Development Goals (SDGs) and the African Union Agenda 2063. As a statement of development policy, NSDP 2 is comprehensive and has as its main objective inclusive and sustainable growth with job creation through an increase in the role of the private sector in the national economy. The Plan focusses on three strategic priorities: strengthening human capital through investment in health, nutrition, skills development, social protection and migration; building sustainable economic infrastructure; and strengthening governance and accountability systems. The EU Delegation in Lesotho will strive to promote dialogues with the private sector in order to foster their participation in the country's sustainable and inclusive economic growth.

A consultation and dialogue process was carried out prior to the drafting and approval of the NSDP II. This included civil society, the State (with the Ministry for Development Planning as leader of the process) and international stakeholders including the World Bank, the IMF, UNDP and the African Development Bank as well as other development partners present in Lesotho. Thus, the process was inclusive and it ensures a very broad country ownership. This process highlighted the need to incorporate gender equality and gender mainstreaming as a core value of the EU and a universally recognised human right, as well as imperative to well-being, economic growth, prosperity, good governance, peace and security.

The NSDP II is comprehensive and encompasses all the fields of intervention and priorities needed for the sustainable development of the country. Hence, all the challenges and perspectives are taken into consideration in the plan.

The hardest challenge that the NSDP II will face is its financing. It is a 5-year plan, while budgeting norms in governmental terms are yearly. That is why its objectives and outcomes are integrated into the Government's annual Medium Term Expenditure Framework (MTFF), and Public Sector Investment Plan, which guide, in turn, the annual budgeting exercise. For that purpose, most of the capital budget (non-recurrent costs) will have to be devoted to the NSPD 2 and, likewise, development partners should align with it in order to contribute to an adequate level of funding in their corresponding aid areas and priorities. Furthermore, the COVID-19 pandemic will have a negative impact on the State revenues as the economies in the region have virtually stopped for many months since the outbreak of the pandemic and government expenditure in Health has dramatically risen. A negative GDP growth of 5% during 2020 translated into a similar percentage of tax revenue reduction (from 21% to 17% of GDP). Remittances and Foreign Direct Investment (FDI) have also decreased substantially.

As a conclusion, the NSDP II priorities are consistent with the Lesotho constraints, challenges and perspectives of its development agenda, and so it constitutes a good base for programming

the EU cooperation in the country.

1.2. Status of joint programming

Joint programming is not an option in Lesotho. No EU Member State has a permanent diplomatic mission in Lesotho and none provides programmable funds. Delegated cooperation with EU Member States and their implementing agencies is however possible, including co-financing, and is considered in this MIP. Cooperation and co-financing with the European Investment Bank is equally possible and considered in this MIP. Cooperation with Financing Institutions of EU Member States is a further option, in particular in the context of EFSD+ and needs further exploration during the implementation period of this MIP.

1.3. Priority areas of the EU's cooperation with Lesotho

EU cooperation with Lesotho will concentrate on two priority areas, with a potential to significantly transform the country's economy in the medium term:

1. Green and resilient economy
2. Good governance, peaceful and just society

Under the first priority area, EU cooperation will be targeted to facilitate Lesotho's move towards a circular economy, that becomes increasingly sustainable and self-sufficient with regard to energy generation and consumption and that provides access for all to energy, water and sanitation. This should result in a conducive economic environment with stimulation of economic activities throughout the country, thereby creating decent jobs and generating economic growth. It should also have a tangible impact on the health situation as a substantial reduction of waterborne diseases should be expected as a result of improved sanitation and hygiene. The increased use of renewable energy resources and implementation of energy efficient measures will eventually result in a significant reduction in the use of bio- and fossil fuels and consequently diminish greenhouse gas emissions. A further important area of EU cooperation will be in-country as well as trans-boundary water resources management, combined with support for improved sector governance and water diplomacy. There will be increased attention to the nexus water and energy and its relation with and impact on agriculture (including irrigation) and food security through national water supply schemes.

All EU assisted actions will also aim at adaptation to the effects of climate change and promote gender sensitive and transformative outcomes and results. Alignment with the European Consensus on Development, where the EU has confirmed the intention to support increasing access to water, sanitation and hygiene (WASH) services and to promote integrated water resource management (IWRM) is ensured. Water in Lesotho is a priority under their Nationally Determined Contribution's (NDC) adaptation actions. Furthermore, the current MIP integrates well under the EU Biodiversity Strategy aiming at restoring and safeguarding ecosystems providing essential services related to water. The Integrated water catchment management approach proposed by this MIP is well aligned with the landscape approach under NatureAfrica and can be complemented by regional measures focused on the transboundary governance and management of the Orange-Senqu river basin. Collection and treatment plants are cornerstone elements of green cities and play a key role towards the achievement of the Green Deal objectives. In this regard, the MIP will look into the support of population in need of sanitation services through investment in wastewater collection, the treatment infrastructure as well as improved management. It will further look into the promotion of water use efficiency, water recycling and reuse in the business/domestic community. Moreover, support to sustainable water supply and energy is instrumental to enabling sustainable growth and creation of decent jobs alongside digitalisation.

Under the second priority area, EU cooperation will be used to progressively overcome years of political instability, to reduce adverse practices and to improve democratic structures and

the Government's service delivery to the citizenry. The dynamic to implement core national reforms was boosted at the end of 2019 following an inclusive country-wide consultation process, which has been supported diplomatically and financially by the EU. Ongoing support to the National Reforms Authority (NRA) ensued and will continue until at least 2023 under the 11th EDF Governance Support Programme. It is expected that the outcome of the NRA's work will result in the implementation of reforms in several areas, including constitutional reforms, parliamentary reforms, judiciary reforms, security sector reforms and public sector reform, all of which could become possible areas for EU cooperation. Coordination amongst development partners and a clear division of labour will be essential when assisting the Government in these crucial reform areas. Depending on the further evolution of the COVID-19 pandemic continuous EU support for mitigating the socio-economic impact may become necessary. Embedding of such support in a continuation of the ongoing EU assisted Social Protection Programme and further strengthening of social safety nets in Lesotho may become an action to be pursued. Further, the COVID-19 pandemic has revealed a new norm, school closures and national lockdowns have increased the risk of child labour, domestic violence, sexual exploitation and early pregnancy for girls. Therefore, the EU will reinforce the Gender Action Plan III through the promotion and protection of women's rights by promoting the strengthening of the rule of law and security sector reform to end impunity for Gender Based Violence.

Promoting gender equality as a key political objective of its external action aims at accelerating progress towards including the SDG's at the core the 2030 Agenda as instability and fragility are among factors exacerbating inequalities and threatening hard-gained achievements in women's empowerment.

1.4. Justification and context

Lesotho has suffered from political instability and internal conflicts, ever since gaining independence in October 1966. This has negatively impacted on both its socio-economic development and its ability to profit from regional economic integration. Today, Lesotho is the only least developed country in the Southern African Customs Union (SACU). It is confronted with a multitude of developmental challenges. Poverty is widespread and the level of inequality is one of the highest in the world. Social services delivery to citizens and economic activities are insufficient to lift the country out of poverty. There has been little progress despite the substantial inflow of ODA over the decades since independence. In order to overcome this situation the country has embarked on national reforms in seven areas: constitutional reforms, parliamentary reforms, security sector reforms, public sector, judiciary reforms, economic reforms and media reforms.

Lesotho's public sector is huge in number of civil servants it employs, with a wage bill that absorbs more than 50% of the country's current budget. Envisaged public sector reforms are expected to render the sector more efficient and effective and EU cooperation may be envisaged, not exclusively through technical assistance but also through instruments like TAIEX or twinning arrangements.

The private sector is recognised by Lesotho's Government as a potential driving force for accelerated socio-economic development and this is clearly stated in NSDP II. Present day administrative hurdles and inefficiencies need to be overcome in order to make better use of the private sector's potential. Improving sector governance, including revision of outdated and non-conducive policies, strategies and regulations, is part of the EU's cooperation in the priority areas.

Natural resources, including renewables, exist in abundance in Lesotho and if used in a sustainable manner have the potential to transform the country's economy into one that is green, circular and resilient. In the case of water, reforms can also bring benefits to

neighbouring countries. In the proposed priority area 1, the EU concentrates on promoting the sustainable use of renewable natural resources in particular. In this context, cooperation with Lesotho is expected to include infrastructure developments for augmenting access to water, sanitation and electricity. Facilitation of foreign direct investments as well as local investments in renewable energy generation and transmission is likely to be a substantial part of the EU's cooperation under this MIP, as well as using grant funds to leverage sovereign loans for large scale infrastructure development in the water and energy sector, which may include bulk water supply or hydropower schemes. Apart from the prospect of achieving universal access to electricity, Lesotho could become self-sufficient with regard to power generation and may even generate a surplus for future export to neighbouring country.

Improved access to water and electricity is expected to unlock commercial opportunities and introduce trade possibilities between Lesotho, South Africa and the wider region, resulting in decent jobs and economic growth. Investments in water and energy will benefit from the EU-SADC EPA not only in terms of duty and quota free exports but also in terms of imports for equipment and machinery, including wind turbines, for example.

Interventions under priority area 1 are expected to benefit a large number of women and girls as improved access to water and electricity will allow more women and girls to focus on other economic activities rather than walking long distances to collect water and firewood. This is expected to also improve their safety.

Both water and energy sectors are key sectors to drive climate change adaptation and mitigation efforts. In this regard, recycling and reuse of resources, as well as energy efficiency and conservation will be promoted across all sectors to facilitate transition to circular economy.

Apart from facilitating and funding investments and infrastructure developments, EU cooperation is earmarked to improve the management of natural resources, national and transboundary water resources management in particular. This will be done through support to sector governance reforms, reviews of policies, strategies and regulations as well as capacity development through technical assistance and water diplomacy. It takes into account education and training needs of stakeholders at all levels, including in remote communities. But it will also strengthen Lesotho's capacity to play a key role in regional organisations, such as the Orange-Senqu River Commission and make its voice heard in the preparation and implementation of regional, continental or global water related policies and agreements. Lesotho is a signatory to the SADC Treaty and the Revised Protocol on Shared Watercourses (2000). The country plays an important role in the protection of the region water resources and its ecosystems. The actions contemplated under the integrated catchment management programme will in this regard contribute to the preservation of its biodiversity, in the protection of the Maloti- Drakensberg Transfrontier Conservation Area (TFCA).

Under priority area 2, the main focus will be on assisting the country with the implementation of reforms in some of the areas mentioned at the end of the first paragraph under this chapter. Nevertheless, a continuation of previous support to social safety nets and social protection is likely to be necessary, in particular with a view to alleviate the socio-economic impact of the COVID-19 pandemic. Further cooperation to help Lesotho developing reliable and accessible information and statistics for development is equally considered. Addressing shortcomings related to labour standards, labour migration and child labour may also become an area of intervention in cooperation with other development partners.

While under priority area 1 SDGs 6 (Clean Water and Sanitation) and 7 (Affordable and Clean Energy) are predominantly targeted, others are expected to be impacted to a large extent in addition, such as SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action) and SDG 15 (Life on Land). While, at present, achieving the country's nationally adapted SDGs is behind target, it should be possible to achieve the above with the proposed EU cooperation. SDG

5 (Gender) is one of the three least financed SDG's globally, therefore the EU will renew its commitment that at least 85% of all new external actions will have gender equality and women's and girl's empowerment as a significant objective or as a principle objective by 2025.

1.5. Duration of the MIP and option for synchronisation

The MIP will have a duration of 7 years. As joint programming with EU Member States is not an option in Lesotho, there is no need for a synchronisation of the EU's multiannual programming cycle with those of Member States. A review of the MIP in 2024 and possible adaptation to the country's 3rd National Strategic Development Plan, which is likely to commence with the budget year 2023/24, is envisaged.

2. EU support per priority area and proposals of Team Europe Initiatives

2.1. Priority area 1 - Green and resilient economy

Interventions under this priority area will have the potential to transform Lesotho into a self-sufficient country with regard to energy generation and, in addition, a country with universal access to energy water and sanitation.

Water Sector: Ensure access to sustainable water and sanitation for all as a means for green and resilient growth and promoting peace and security in Lesotho and the region.

The intervention under the water sector aims at supporting the achievement of global availability and sustainable management of water and sanitation, plus enabling the development of integrated responses benefiting people and nature. Lesotho's water assets are a key determinant of economic growth; this is evident in its position in the middle of a water-stressed region and its geographic proximity to major demand centres in southern Africa.

EU support to the water sector derives from specific objectives identified under NSDP II, as well as the Long-Term Water and Sanitation Strategy priority areas for 2020-2030. The aforementioned strategies aim, *inter alia*, at all Basotho having access to appropriate and affordable water and sanitation services according to desired service levels. Further these country-level ambitions, as confirmed in sector-wide consultations undertaken during the preparation of the MIP, regard successful implementation of the national integrated catchment management (ICM) programme as the only sustainable path for water availability in Lesotho taking account various climate change scenarios and gender-related issues. Another crosscutting aspect of the MIP is to leverage EU interventions in Lesotho by attracting investments (via EFSD+, including blending, guarantees) and community-based funding from other sectors and entities, whereby financing gaps are closed, such as for SDG 6 and catchment resource conservation. These strategies further envisage Lesotho being internationally recognised for its capacity on integrated monitoring and management of its water resources.

Disaster risk reduction is to be mainstreamed in this priority area and crisis modifier may be included in sector actions in order to facilitate the work at the nexus of development and humanitarian aid.

Three specific objectives (SO) for different three areas are elaborated in this MIP for the Water Sector:

Specific Objective 1: The population of Lesotho has access to safe, sustainable and affordable WASH (water, sanitation, hygiene) facilities to promote a healthy, green and prosperous society. Through this objective, the MIP envisages to promote inclusive green growth, protect ecosystems, as well as minimise the risk of waterborne diseases. In order to increase access to sustainable, safe and affordable water, sanitation and hygiene, bulk infrastructure development will be expanded in the Lowlands areas of Lesotho. The approach is expected to continue

supporting the Lesotho Lowlands Water Supply Scheme Phase III during the MIP period. Individual sanitation is the norm in Lesotho, but open defecation is still practised by 19% of the population. Further development of sanitation services can reduce the true human and economic costs of inadequate WASH and meet SDG 6 on access to safe sanitation. EU support to the water sector in Lesotho aims at further expanding connections to industrial zones, commercial centres and schools, and support income generation activities (IGAs), including women and youth businesses, in newly connected service areas.

Indicative Sector: Water Supply and Sanitation (DAC Code 140; SDG's: 1,2,3,5,6,8,9,11, and 13)

Specific Objective 2: Lesotho sustainably manages its water and land resources comprising the water – energy and natural resources (including agricultural and livestock) nexus and becomes climate resilient.

Implementing Integrated Water Resource Management (IWRM) at regional, national and local levels ensures adaptation to climate change contributing to improved climate resilience. Arguably it will also strengthen the preparedness to respond to hydro-meteorological disasters. Investing in IWRM application is therefore important to secure water resources and guarantee that Lesotho and the region continue to sustainably develop. The Integrated Catchment Management (ICM) programme being implemented under 11th EDF will be used as a pilot and, the programme is planned to be expanded to other sub-catchment areas guided by the ICM Strategic Framework. Accordingly, it plans to foster local-level integration across multiple sectors such as water, energy, agriculture, forestry, rangeland and others, while ensuring synergies, cross-sector coordination and harmonisation of local ICM measures with national level ICM institutions in the relevant ministries. The intervention is expected to be complemented with land restoration measures, including farmer- managed conservation and nature-based actions and interventions to increase the quality of their products. Moreover, the support will look at finding financial funding sources to ensure sustainability of ICM measures through the development of a long-term sustainable funding and investment mechanism for ICM - to attain buy-in by all relevant stakeholders in the country, including vulnerable population groups, and, with time, in the region. Lastly, a nexus water-energy and natural resources cooperation framework will be envisaged as an instrument for inclusive green growth and sustainable development.

Sector: Water Supply and Sanitation (DAC Code 140; SDG's: 1,2,5,6,7,13,15)

Specific Objective 3: Lesotho strengthens water sector capacities to improve services and cooperation at community, catchment and transboundary levels.

Strengthening of water sector coordination, monitoring and evaluation for WASH and water resources management will be pursued; this includes data collection and analysis for water resources and climate change as a key sector priority. The MIP will aim at strengthening expertise in government agencies, by developing technical and water diplomacy/ negotiation expertise of specialists for regional cooperation. A key focus area will be to optimise use of the region's scarce water resources by promoting water efficiency, water quality protection and catchment management.

Sector: Water Supply and Sanitation. (DAC Code 140; SDG's: 6, 13, 16 and 17)

Energy Sector: To ensure energy security by reducing the imported electricity in Lesotho, and improve energy access to reliable and affordable clean energy and promote green growth.

The interventions in the energy sector aim at contributing to the achievement of universal access to modern sustainable energy services for people and their productive activities as well as welfare institutions. Lesotho has abundant renewable energy resources in the form of solar, hydropower and wind. The country aims to increase its electricity generation capacity from

these resources through the mobilisation of domestic and foreign finance.

The ultimate goal of these interventions is to increase the access to electricity and the quality of provided electricity supply through, on the one hand, the increase of the currently on-grid installed generation capacity of 75 MW - which is struggling to meet the quoted national demand of 160 MW. On the other, supply and distributions of stand-alone systems in the off-grid areas will be pursued.

Moreover, energy sector interventions are intended to support the achievement of universal access to modern energy services and sustainable management of energy, while enabling the development of integrated responses benefiting people, their productive activities and their environment. Lesotho's primary energy attributes are a key contribution to economic growth; this is evident from its geographic proximity to major energy demand centres in southern Africa mostly serviced by increasingly unreliable coal-based electricity. The country needs to pay specific attention to its biomass stressed energy environment in the provision of more efficient thermal energy services and as a contribution to ICM that underpins sustainability of long-term water supply and hydro-electric power.

The EU support to the energy sector derives from specific objectives identified under National Strategic Development Plan (NSDP) II, as well as amongst others, the National Energy Policy 2015-2025 priorities, the Sustainable Energy Strategy, the Nationally Determined Contribution (NDC), the Electrification Masterplan, various donors' programmes, plans and reviews and the dialogue with stakeholders. The aforementioned strategies aim, *inter alia*, at all Basotho having access to adequate, affordable, clean and efficient energy services. The energy strategies further regard successful implementation of the energy components of water and land nexus interventions including a national ICM programme, in an environmentally sustainable manner.

Three specific objectives (SO) for three different areas are elaborated in this MIP for the Energy Sector:

Specific Objective 4: To ensure energy security by reducing the imported electricity in Lesotho, and improve energy access to reliable and affordable clean energy and promote green growth.

Through this objective, the MIP will promote inclusive green growth, protect ecosystems, as well as minimise the risk of electricity shortfalls, as a main priority under NSDP II. To increase access to sustainable and affordable energy services, energy supply infrastructure is envisaged to be expanded to grid and off-grid areas of Lesotho, using both centralised and decentralised wind, hydro and solar energy systems many of which have been identified by investors. The approach is expected to continue supporting the specific energy objectives of the 11th EDF National Indicative (NIP) and in addition address the areas where absorptive capacity shortfalls in NIP were identified, mostly in institutional capacity, human skills and regulatory readiness.

Lesotho currently generates 72 to 75 MW of grid electricity dominated by the 72 MW Muela hydro plant. The amount is less than half of Lesotho's electricity demand of approximately 160 MW with the balance (mostly coal-based) being imported through the Southern African Power Pool (SAPP) that places pressure on the Lesotho forex reserves and Balance of Payments.

An Integrated Energy Plan may lead to increase the efficiency of mobilisation of resources for electricity supply and transmission infrastructures, while the development of an electricity market with adequate regulations and procurement guidelines for private sector investments will give Independent Power Producers (IPP) a degree of certainty. An Integrated Energy Plan will aim at guiding the application of energy efficiency and other fuels where these are the least cost to Lesotho's economy. Women's participation and leadership will also be encouraged to ensure gender-responsive strategies for sustainable management of natural resources.

Indicative Sector: Renewable Energy Supply (DAC Code 230, 23220, 23230, 23240, SDGs: 7, 8, 9, 11, 12, 13, and 17)

Specific Objective 5: To increase access to energy for all socio-economic sectors.

Planning of energy access actions and their implementation will be a critical contribution in a resource efficient green and resilient economy. The expansion of the electricity transmission and distribution grids, yielding more connections for households and business, is likely to be executed by the national utility (Lesotho Electricity Company - LEC) while off-grid and standalone electrification will, to a large extent be implemented by the Rural Energy Agency (pending its mandate), private sector and Civil Society Organisation (CSOs). Access to clean energy will also consider energy efficiency measures and technologies for thermal energy services through, inter alia, improved biomass cook stoves (ICS) or combined biomass energy supplies with electrical appliances. While the focus is on electricity access, electricity is highly unlikely to replace biomass for all thermal energy services (cooking, water and space heating) in households. Electricity will be essential for rural productive activities, schools, clinics, and public buildings for water pumping, lighting, computing, media, refrigeration. Symbiotic activities will be required to address thermal services through efficient use of renewable biomass and solar water heating as well as promoting the use of energy efficiency materials for buildings.

Indicative Sector: Energy Access (DAC Code 230, 23210, SDGs: 3, 4, 6, 7, 9, 10, 11 13 and 15)

Specific Objective 6: To improve Lesotho Energy Sector leadership and institutional capacity.

The objective seeks (i) to improve Lesotho’s energy sector gains through increased capacity in technical, institutional, business, policy and monitoring and evaluation areas and (ii) to improve energy services and cooperation at community, national and transboundary levels. The MIP will support activities supporting private sector development in the energy sector. Renewable energy industry bodies could be established, where relevant. Regular meaningful interactions are required between the energy sector players (including the donor community) and government departments, units, agencies or authorities, for learning through exchanging best practices and for addressing market barriers and tackling inefficiencies.

Efforts to provide energy services have resulted in excess of 46 % electrification rate in Lesotho, more than the NIP target. Achieving access could be advanced further, if governance and capacity within the sector were improved. The strengthening of the implementation, coordination, monitoring and evaluation in the energy sector will be pursued. The MIP aims to strengthen expertise in government units, agencies and commissions, including electricity market regulation, competitive bidding, transmission system management, technical and energy diplomacy expertise for regional (SAPP) cooperation, etc. Technical capacity in the private sector and amongst CSOs could be improved through training programmes offered for instance by the polytechnic or other knowledge centres in the region. Independent and academic policy research capacity provided by the Energy Research Centre may be increased to levels that provide critical and constructive evaluation and feedback to the Government. A key element will be the creation of a database in order to monitor and evaluate initiatives aiming to increase access to clean energy, improve the management of information systems and circling back into policy and strategy renewal and revisions.

Sector: Lesotho Energy Sector capacity. (DAC Codes:231, 23111, 23112, 23181); SDGs: 7, 8, 9,11, 13, and 17.

Risk Assessment for Priority Area 1:

Risks	Mitigation measures
-------	---------------------

Key political measures and required policy reforms are not implemented	Improve sector dialogue with the Government, including the private sector, Local Authorities, CSOs and donors
Climate change effects and environmental mismanagement compromise water security of entire basin. Impact on livelihoods and on economy of Lesotho, plus the whole region.	<p>Sound impact screening and use of best practices to build resilience to climate change and minimise environment degradation.</p> <p>Stronger political and policy dialogue plus focus on professional capacity for "water and energy diplomacy" to gain benefits of improved catchment management and to improve efficient delivery of energy services nationally.</p> <p>Support to CSOs in monitoring and reporting of national energy/environment practices, greater involvement of local communities in decision-making, and incentive mechanisms for smallholders to protect ecosystem.</p>
Lack of human and institutional capacities	Support to Government in the ownership of programmes and preparation of implementation plans, including budget allocations required to maintain professional specialists in utilities and ministries.

CSO's Involvement for Priority Area 1:

Meaningful engagement with CSOs will be sought to deliver on each of the Specific Objectives. CSOs will add value in such areas as public policy formulation, transparency and accountability, service delivery of the water and energy sectors, decentralisation and empowerment of local decision-making.

Women's groups and CSOs are pivotal in the household energy services sector and ICM programme, playing key roles in developing local businesses, fostering women's rights, women's empowerment, and the promotion of gender equality.

2.1.2 Expected results per specific objective

Water Sector:

SO1. Result 1: Sustainable and climate-resilient Water, Sanitation and Hygiene (WASH) facilities enable hygienic practices and sanitary living conditions for a healthy and productive population.

SO1. Result 2: Water and wastewater systems promote the transitions to a circular economy and green-smart cities - to spur economic development and job creation.

SO2. Result 1: The Integrated Catchment Management (ICM) approach implemented across the sub-basins of Lesotho for improved stewardship of water and land resources.

SO2. Result 2: An ICM financing mechanism is implemented in sub-catchments as multi-stakeholder partnerships to build long-term resource sustainability.

SO2 Result 3: The integration and implementation of the energy-water-natural resources (including agriculture and livestock) nexus is strengthened under the ICM programme as an instrument for inclusive green growth and sustainable development.

SO3. Result 1: Enhanced capacities of professional cadres across the Lesotho water sector in

order to apply technical expertise to develop practical and innovative service and cooperation approaches and exercise water diplomacy in transboundary and regional fora.

SO3. Result 2: Policy-relevant water and water-related data and information produced, updated and shared timely and consistent for accountability.

Energy Sector:

SO4. Result 1: Renewable energy from hydro, water and wind resources generated to achieve energy security for Lesotho.

SO4. Result 2: Reduced imports of electricity in Lesotho.

SO5. Result 1: Access to grid electricity is increased for household (HH), productive uses and public institutions.

SO5. Result 2: Access to improved cook-stoves, Solar Water Heaters (SWHs) and energy efficient lamps (EE Lamps) improves health condition, natural resources and promotes education for all.

SO6. Result 1: Renewable energy policy frameworks strengthened and operational.

SO6. Result 2: Enhanced capacities of professional cadres across the Lesotho energy sector in order to apply technical expertise to develop practical and innovative service and cooperation approaches.

SO6. Result 3: Policy-relevant energy and climate change data and information produced, updated and shared timely and consistent for accountability.

2.1.3 Indicators (including baseline and targets), per expected result

The indicators measuring the aforementioned results are contained in the intervention framework under Attachment 1.

2.1.4 Possible use of blending and guarantees for investment under EFSD+

Blending and guarantees for investment under EFSD+ are envisaged to fund large part of priority area 1. A large proportion of the envisioned EU cooperation in the energy sector foresees the facilitation of private investments, e.g. installation of renewable energy infrastructure, for the generation of wind and solar power. Contacts with possible investors have been established and their planning of technical solutions and development of business plans is advanced. Lending by approved Finance Institutions backed by external action guarantees is expected and procurement of investments through competitive procurement processes is envisaged.

In addition, large- scale infrastructure developments for hydropower, multi-purpose dams and water supply and transmission and distribution densification schemes are envisaged to be funded through blending operations, similar to the ongoing “Lesotho Lowlands Water Development Project” co-funded under the 11th EDF. In designing this project, a grant of EUR 40 Million leveraged a loan of EUR 149 Million, or, in other words, one part grant funding leveraged 4 parts of loans. Envisaged blending operation may absorb more than 50% of the country allocation, depending on the feasibility of projects, which still need to be established during the identification and formulation stages of the project cycle.

In addition, technical assistance under the EFSD + can be provided to develop financing opportunities for Micro, Small and Medium Enterprises (MSMEs) in sanitation services and waste management as well as for energy efficiency measures in Lesotho.

Investments will be in full complementarity with interventions to be funded under the regional multi-annual indicative programmes. The EU will also aim to remove barriers to women’s

empowerment and gender mainstreaming will be applied to EU blending operation funds as outlined in the Gender Action Plan III.

Subject to its confirmation through the implementation phase, it is expected that an indicative amount of EUR 11 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations under this priority area.

2.2. Priority area 2 – Good governance, peaceful and just society

Good Governance, the rule of law and credible leadership combined are the basis for lasting political stability and sustainable development in Lesotho. The NSDP II, the Agenda 2063 and the “Agenda for Change” put these values at the forefront of development partnerships. In Priority Area 2, the Overall Objective is to further support Lesotho in achieving its intended goals outlined in/from the ongoing National Reform Process while increasing public trust in the political system. The support under the MIP builds upon and compliments the support to Good Governance in Lesotho under the 11th EDF.

2.2.1 Specific objectives related to the priority area

- Enhanced political stability and trust in the political system through support to the Government of Lesotho in the implementation and operationalisation of laws, regulations, constitutional amendments in selected reform areas (i.e. Constitutional Reforms, Parliamentary Reforms, Public Service Reform) of the Lesotho National Reforms Process.

DAC Codes: 150, SDGs: 5, 10, 16

- Upgraded social protection systems in support to the Government to prevent and reduce economic and social disadvantages of the most vulnerable and socially excluded segments of society, because of COVID-19.

DAC Codes: 160; SDGs: 1, 2, 3, 5, 10

- Improved availability and use of disaggregated, quality, timely and reliable data to inform policymaking. Achieved through support to the national legislation, relevant Ministries, Agencies and Departments, with the necessary capacity to inform policy-making and development cooperation interventions.

DAC Codes: 160; SDGs: 1, 10, 16, 17

2.2.2 Expected results per specific objective

- Parliament and Members of Parliament hold a crucial role in the functioning of the political system of Lesotho by overseeing the Government and representing views of citizens. The capability to conduct these tasks is a cornerstone in ensuring a stable and democratic political system trusted by the Basotho. Therefore, the results of the support under this MIP plans to contribute to enhanced accountability and inclusiveness of the political system. Special focus is on new laws, regulations and constitutional amendments that are being passed as part of the Lesotho National Reform Process.
- The planned result of the MIP intervention in support of public service reform is a reformed, efficient, results-oriented and depoliticised public service. The Lesotho National Reforms Process builds the foundation for the realisation of the result in the area of public service reform. Poor service delivery of the public service is a key factor that led to sub-optimal implementation of the NSDP I. Proposed new laws, regulations and constitutional amendments outline a way forward to improve the

efficiency of the public service, by establishing accountability systems for appointments of public servants, including management positions. Merit-based performance management systems, backed up by independent monitoring units, could contribute to the improvement of public service efficiency. Both entry and continuous trainings through a reinforced Lesotho Institute of Public Administration streamline and elevate quality and efficiency of public service delivery.

- The programmes under the 9th, 10th and 11th EDF supported government welfare and social protection interventions. It is planned to continue this work with an added emphasis on vulnerable households and individuals who suffer from the socio-economic impact of the COVID-19 pandemic. Future programmes in the area of social protection are envisaged to be formulated in close cooperation with ECHO to ensure coherence with the Nexus approach and complementarity.
- The Agenda 2030 outlines the availability of high quality, timely and reliable data, disaggregated by income, gender, age, race, ethnicity, migratory status, disability geographic location in a national context as a pre-requisite for sustainable development. Policymaking lacks information due to shortages of available data. Data available in Lesotho is of limited quality caused by a lack of disaggregation and difficulties in the collection process to access micro-level data. The NSDP II, under its Key Priority Area IV, aims for improved availability of reliable statistics for monitoring and evaluation. As a result, the support under this MIP aims to contribute to enhanced statistical capacity to inform policymaking and monitor progress towards SDGs.

Risk Assessment for Priority Area 2:

Risk	Mitigating Measures
Political interference delays and obstructs the National Reforms Process	Continuous political dialogue and diplomacy by the EU Delegation and other likeminded development partners with the Government and all major political parties Support to the National Reforms Process under the 11 th EDF
Resistance to change in affected public service sectors	Programmes aim to ensure ownership by the Government and beneficiaries while outlining long-term benefits

CSO’s involvement for priority area 2:

Substantial engagement with CSOs is sought to deliver all Specific Objectives, with a focus on Special Objective 1. CSOs have been and continue to be actively involved in the National Reforms Process. Continued engagement of CSOs in the planned support under this MIP ensures citizen ownership and allows for a meaningful representation of marginalised and vulnerable groups. The EU will continue to condemn violations and abuses of women’s rights and to strongly support civil society, as well as women and men working for gender equality and women’s empowerment including women’s human rights defenders.

2.2.3 Indicators (including baseline and targets), per expected result

The indicators for measuring the aforementioned results are contained in the intervention framework attached in Attachment 1.

2.2.4 Possible use of blending and guarantees for investment under EFSD+

The use of blending and guarantees for investment under EFSD+ is not foreseen under the priority area 2 Good Governance, Peaceful and Just Society due to the planned implementation modalities.

2.3. Proposals of country/multi-country/regional Team Europe Initiatives (TEIs)

The Green Deal TEI proposes to facilitate the transformation of Lesotho's economy, create decent jobs and growth, lift the country out of its least-developed status and consolidate the EU's reputation as a partner of reference for its work at the nexus of water, energy and natural resources. It is aligned with Lesotho's own national development plans as well as with EU global interests and overarching priorities, and it also provides an adequate socio-economic response to the COVID impact. It puts the country on a trajectory towards a green economy that will go hand in hand with making progress towards achieving a number of Sustainable Development Goals, in particular the following:

SDG 6 - Clean Water and Sanitation; SDG 8 Decent Work and Economic Growth;
SDG 7 – Affordable and Clean Energy; SDG 13 Climate Action,
SDG 15 – Life on Land.

EIB's continuous support for large- scale infrastructure development programmes is likely in water and energy related areas and blending of loans with grants is a preferred option, including co-financing with others. Germany's continued interest to work with the EU may result in further cooperation within the framework of Germany's regional cooperation with SADC.

The TEI proposes a mix of project approach, mainly for capacity building and targeted expertise, either directly or through delegated cooperation, blending, loans mobilisation and use of financial instruments/guarantee schemes offered by the EFSD+. Budget support cannot be envisaged at present and is currently not foreseen in the near future.

The EU's indicative contribution to this TEI (EUR 69 million) is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

Water

Water is probably the most precious natural resource of landlocked Lesotho. Rain and river water is stored in several dams in the country, partly for domestic consumption, partly for export to neighbouring South Africa, and plans to export beyond (e.g. to Botswana) are under consideration. Yet, the reliable supply of potable water to citizens, commercial entities and industrial areas is inadequate in terms of quantity and quality. Addressing this situation will not only ease the life of ordinary citizens but will substantially improve business environment and augment opportunities for entrepreneurs and investors. This is expected to have a positive impact on jobs creation and economic growth.

Lesotho shares its river system with several riparian states and the management of the catchment areas of this river system has a direct impact on the entire region. Good water management in the Orange River basin is of key economic interest for the southernmost region in Africa, and in particular for South Africa, Namibia, Botswana and Lesotho.

Ineffective regional water management carries the potential risk to instigate regional conflicts

over access to water. EU support for water diplomacy, policy formulation and further development of climate resilient infrastructure will facilitate long-term sustainability and help prevent political and economic conflicts within the region.

Sanitation, sewage discharge and wastewater treatment is insufficient in large parts of the country, posing a health risk for many. Improving the situation will not only help reducing waterborne diseases, it will have a positive impact on the population's overall health situation and in consequence, the availability and productivity of the labour force, while decreasing health care service costs. Introducing reuse, recycle, revalorisation practises in water consumption will also promote green production practises, reducing environmental and social impacts.

Under the TEI, support for large infrastructure developments is envisaged in order to support the completion of the phased Lowlands Water Development Project, presently in its second phase. Cross- border schemes for regional water supply are envisaged too, underlining the need to combine country allocations with regional funding. Continuation of blending grants with loans will provide an affordable solution for the country and build on experience from previous phases largely financed by the EU and EIB. Accompanying measures to augment water governance and water diplomacy in the region are foreseen through the provision of technical assistance and targeted expertise.

Energy

Universal access to energy is far from being achieved in Lesotho, mostly owed to insufficient infrastructure for power generation and distribution. Only about half of the country's electricity demand is supplied by domestically generated power, the other half is imported from South Africa and Mozambique. Yet Lesotho's potential for generating clean, renewable energy is widely recognised. Solar, wind and hydropower are obvious options to replace the unsustainable use of bio and fossil fuels and reduce emissions of greenhouse gases. An Electrification Master Plan has already been developed with EU support and is now a reference document for the Ministry of Energy. State finance for infrastructure expansion is limited and private sector investments, foreign or domestic, remain slow and restrained. This is largely due to perceived and real political risks on the one hand, but also due to red tape and non-conductive regulations on the other. Infrastructure expansion for power generation (solar, wind or hydro) and distribution (mix of on-grid and off-grid solutions) will be key for achieving universal energy access, creating a conducive business environment and reducing greenhouse gas emissions.

Under the TEI, facilitation of private investments is envisaged through the mobilisation of sovereign loans and guarantees. Loans, potentially to be provided by EIB, GET.invest, ElectriFI or the Dutch FMO are options to be further explored and developed. This will be accompanied by technical assistance and targeted expertise for policy formulation and modernisation of regulations. The promotion of increased use of energy efficient production methods and consumer devices, at present already supported by the EU, is envisaged to be expanded through education campaigns that could build on the ongoing EU/ German funded civic education project or promotion campaigns using the expertise of SACREEE, the EU's SE4All TAF, TAIEX or similar entities and facilities.

Natural Resources

Inadequate management of natural resources and productive land, exacerbated by the impact of climate change, is a key hindrance for Lesotho's further socio economic development, for

achieving related SDGs and for overcoming recurrent periods of food insecurity.

Unsustainable agricultural practices and the largely unregulated and uncontrolled herding of livestock are main contributors to the problem. Changing rain patterns and an increase in the frequency of droughts and their increasing severity as a result of climate change has, as evidence of the last years has shown, devastating impacts on the livelihoods and food security of a large part of the population. Developing and implementing adequate mitigation and adaptation strategies will be indispensable for achieving the country's own development goals and will eventually help overcoming hunger and reliance on food aid, which, since early 2020, has been exacerbated by the impact of the COVID-19 crisis.

Under the TEI, the EU intends to support measures aiming at soil and water conservation, and reducing or reversing land degradation through carefully managed grazing practices. This is to be achieved through education, training and technical assistance. The latter may also contribute to increasing sustainable farming productivity, thereby addressing both food insecurity and allowing for more decent incomes of farmers. It also needs to be complemented by land restoration, including through farmer-managed natural regeneration, afforestation and reforestation, strengthening of the land tenure governance and light infrastructure measures, such as retaining walls, gabions, storm water drainages, irrigation channels etc.

At present EU and Germany co-fund a programme (Integrated Catchment Management) that is already addressing these issues in 5 selected catchment areas to pilot a future expansion. The TEI foresees the continuation of that programme, rolling out activities to eventually cover the entire country and beyond, and expanding activities based on lessons learned in the selected catchment areas covered by the ongoing programme. A project approach through delegated cooperation is envisaged.

The TEI is based on the assumption that agreed national reforms will be implemented in reasonable time and the most critical ones before the next elections in 2022. These reforms are expected to lead to a substantially improved governance situation and end decades of recurrent political instability. All activities envisaged under the TEI depend on a reasonable level of government engagement and effectiveness but more than others, on those related to investment promotion and private sector participation.

Assisting the country in achieving this would be in the very interest of the EU. A stable Lesotho, at peace with itself and peers in the region, is likely to share fundamental EU values, such as human rights, democracy, the rule of the law or good governance. It will further facilitate Lesotho's engagement in constructive multilateralism as well as support in international fora for initiatives such as the Paris Agreement on Climate Change and dealing with greenhouse gas emissions.

3. Support measures

3.1. Measures in favour of civil society

Lesotho has a rather organised and thriving civil society, with ample space for engagement and advocacy. Whereas no dedicated Government policy exists for engaging with CSOs, there is likewise no legislation in place that restricts operations or the financing of CSOs. Generally, Government offices are rather positively inclined towards CSOs. This is demonstrated by the fact that CSOs had been entrusted with carrying out consultations on behalf of the Government in the context of the ongoing national reforms.

The main challenge for CSOs is their resource base and access to finance. Only limited sources of local funding are available to CSOs due to the low number of international development

partners present. Consequently, EU support to CSOs aims at expanding their capacity and to provide finance for advocacy actions. It also aims at strengthening their role in analysing Government policies and strategies and disseminating their analysis and views for the benefit of ordinary citizens and development partners.

In view of Lesotho’s recurrent political stability issues, its level of democratisation and the human rights situation, it is likely that future engagement with CSOs will concentrate on actions related thereto. This support will build on previous CSOs interventions. Special attention will be given to CSO’s work in areas related to the Gender Action Plan III (GAP) 2021-2025 and tapping on their knowledge and expertise when updating the gender country profile for Lesotho. There will be at least one action with gender equality as a principal objective through each Calls for Proposals launched for civil society.

3.2. Cooperation Facility

A Cooperation Facility will be established in order to:

- Support the preparation, implementation and monitoring/evaluation of EU’s cooperation, including via technical assistance;
- Support capacity development and institutional building through technical assistance and exchange of public expertise -including through TAIEX and Twinning, when relevant;
- Support policy dialogues: conferences, events, studies, fellowships, exchange platforms to support sector dialogues leading to policy reforms and engagement with the government and other stakeholders;
- Facilitate joint programming, including Team Europe coordination, for a more effective partnership and results;
- Finance communication, including strategic communication and fight against disinformation and visibility actions on EU policies and cooperation;
- Support public diplomacy specific interventions to promote EU policies as well as its multilateral agenda in Lesotho;

4. Financial overview

Although the duration of this MIP is seven years, the indicative allocations for Lesotho and for each of the priority areas and support measures laid down in the table below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of Lesotho.

Priority Areas and expected contributions	Amount (MEUR)	%
Priority 1: Green and resilient economy	63	76% of total
Priority 2: Good governance, peaceful and just society	12	14% of total
Support measures	8	10% of total
TOTAL for initial period*	83	100%

* Subject to its confirmation through the implementation phase, it is expected that out of the total of EUR 83 million

[1st period], an indicative amount of EUR 11 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations across priority area 1.

Attachments

1. Intervention framework
2. Donor matrix showing current indicative allocations per sector

Attachment 1. Intervention Framework

Priority area 1: Green and resilient economy			
Specific objective 1: The population of Lesotho has access to safe, sustainable and affordable WASH (water, sanitation, hygiene) facilities to promote a healthy, green and prosperous society.			
Expected Results	Indicators	Baseline (BL) & targets	Means of verification
a) Improved sustainable and climate-resilient Water, Sanitation and Hygiene (WASH) facilities in order to enable hygienic practices and sanitary living conditions for a healthy and productive population.	a1) Number of on-premises connections or taps to piped water supply systems with EU support. a2) Proportion of total population with improved access to basic drinking-water (%) with EU support. a3) Proportion of the Lesotho population with access to improved and not shared toilets (separated by gender), including hand-washing facilities (%) with EU support. a4) Number of primary and post primary schools in Lesotho that have water on premises, including hand-washing facilities.	a1) BL: 0 New connections or 0 inhabitants Target: 30,000 New connections or 150,000 inhabitants by 2027 a2) Total BL: 79.4% of population (2018) ;Target: 95% of population by 2027 Rural BL: 69.9% of population (2018);Target: 95% of population by 2027 BL Urban: 94.3% of population (2018) Target: 99% of population by 2027 a3) BL: 56% of population (2018) ; Target: 85% of population by 2027 a4) BL:1,062 schools or 58% (2018) ; Target: 1,500 schools or 82% by 2027	a1) Bureau of Statistics (BoS) surveys and annual statistical reports; Commissioner of Water (CoW) reports a2)Lesotho MICS 2018; JMP of WHO/ UNICEF fao.org/aquastat/statistics/query/results.html a3) and a4) Lesotho MICS (Sanitation and Water for All/ DRWS); project progress reports; Commissioner of Water (CoW) reports
b) Water and wastewater systems promoted in order to transition to a circular economy and green-smart cities - to spur economic development and job creation.	b1) No of jobs supported/sustained for water & wastewater related interventions, permanent, temporary (construction) and indirect (Income Generating Activities, IGAs, in expanded water supply service areas) (disaggregated by gender and age) with EU support. (EURF-Level 2) b2) No of new commercial customers registered for municipal water supply with EU support.	b1) BL: 0 permanent New Jobs; Target: 32,000 jobs by 2027 BL:0 temporary jobs (construction) ;Target: 1,500 jobs by 2027 BL: 0 indirect jobs (income generating activities);Target: 40,000 IGAs by 2027 b2) BL: No. 0 commercial customers (in expanded service area) ;Target: 1,500 by 2027	b1) Bureau of Statistics (BoS)surveys and annual statistical reports b2) Water & wastewater utilities (WASCO)
Specific objective 2: Lesotho sustainably manages its water and land resources comprising the water – energy and natural resources Nexus and becomes climate resilient.			
Expected Results	Indicators	Baseline & targets	Means of verification
a) The Integrated Catchment Management approach implemented across the sub-basins of Lesotho for improved stewardship of water and land resources.	a1) Number of Sub-catchments supported by the Integrated Catchment Management (ICM) strategic framework. a2) Areas of terrestrial and freshwater ecosystems under sustainable management with EU support (ha)- (SDG 15)	a1) BL: No. 6 of 74 (8%) sub-catchments in 2021 ;Target: 37 of 74 (50%) sub-catchments by 2027 a2) BL: 0% of areas under sustainable management; Target: 30% of Lesotho's Freshwater ecosystem under sustainable management.	a1) Reports from the Water Security Investment Programme of the ICM framework- MoW ICM Unit b1) Reports from the Water Security Investment Programme of the ICM framework- MoW ICM Unit
b) An ICM financing mechanism is implemented in sub-catchments as multi-stakeholder partnerships to build long-term resource sustainability.	b1) Proportion of ICM annual/ projects financing for sub-catchments secured from non-traditional sources and new partnerships (%) with EU support.	b1) BL: 0% annual/ project financing per ICM sub-catchments ; Target: 30% annual sub-catchment funding by 2027	b1) Reports from the Water Security Investment Programme of the ICM framework- MoW ICM Unit
c) The integration and implementation of the energy-water-natural resources (including agriculture and livestock) nexus is strengthened under the ICM programme as an instrument for inclusive green growth and sustainable development.	c1) Nexus Cooperation Frameworks in place at multisectoral, country and transboundary Levels with EU support. c2) Number of water –energy –natural resources nexus systems and facilities improved/set up with EU support.	c1) BL: No Framework in place. Target: Framework approved c2) BL: 0 Nexus systems and facilities improved-set up. Target: 3 Nexus systems and facilities improved-set up by 2027	c1) and c2) Reports from ICM Unit; Reports from CoW
Specific objective 3: Lesotho strengthens water sector capacities to improve services and cooperation at community, catchment and transboundary levels.			
Expected Results	Indicators	Baseline & targets	Means of verification
a) Enhanced capacities of professional cadres across the Lesotho water sector in order to apply technical and diplomatic expertise to develop practical and innovative service and cooperation approaches.	a1) Development and implementation of a learning by doing capacity-building programme to put-in-practice specialist expertise in Transboundary water Cooperation, PPP's, Public Utilities, etc. a2) Percentage of Plans Implemented under Long-Term Water and Sanitation Strategy and Rural Sanitation Financing Strategy implemented. a3) Number of sector-wide dialogues and activities to promote Lesotho's water sector multi-level co-operation among users, stakeholders and levels of government.	a1) BL: 0 Programme; Target: Programme developed and implemented a2) BL: LTWS Strategy in place; R3FS to be approved by Cabinet; Target: 50% strategic Plans implemented a3) BL: 0 Sector Dialogues organised by CoW Professional cadre; Target: 10 sector Dialogues conducted	a1) CoW Officer Reports; High-Level Briefings; Service Provider working groups, Studies/ Minutes; Programme and Communication Manual; TA assessment Reports a2) CoW, DRWSS Annual Reports a3) Sector-Wide Dialogues Reports/Minutes; Inter-Ministerial working groups, Studies/ Minutes
b) Policy-relevant water and water-related data (including climate) and information produced, updated and shared timely and consistent for accountability.	b1) Database system in place (disaggregated by gender) with EU support. b2) No. of reports, maps, diagrams, observatories shared, including via online platform (disaggregated by gender)	b1) BL: No. 0 database repository exists for Lesotho water sector; Target: No. 1 central database repository for the water sector established b2) BL: 0 Reports, Maps, Diagrams, observatories; Target: Annual Reports (include maps, diagrams and observatories) and are shared.	b1) Database system b2) BoS and CoW Annual Reports; Website Information
Specific objective 4: To ensure energy security situation by reducing the imported electricity in Lesotho, and improve energy access to reliable and affordable clean energy and promote green growth.			
Expected Results	Indicators	Baseline (BL) & targets	Means of verification
a) Renewable energy from hydro, water and wind resources generated to achieve energy security for Lesotho.	a1) MW's added to the grid by solar, wind and hydro a2) Number of jobs created in Lesotho as a result of improved access to affordable and reliable energy	a1) BL: 0 MW added; Target: At least 100MW added to the grid connected with solar energy wind energy and/or Hydro power by 2027. a2) BL: 0 Jobs added; Target: At least 1000 Jobs created for both urban and rural communities by 2027	a1) Lesotho Water and Electricity Authority (LEWA), Department of Energy (DoE) and Lesotho Electricity Company (LEC) annual reports. a2) Ministry of Labour annual reports, Bureau of Statistics

d) Reduced imports of electricity in Lesotho.	b1) Percentage by which imported electricity reduced	b1) BL: 55% imported; Target: 0% imported by 2027	b1) LEC annual reports
Specific objective 5: To increase access to energy for all socio-economic sectors			
Expected Results	Indicators	Baseline & targets	Means of verification
a) Access to grid electricity is increased for household (HH), productive uses and public institutions.	a1) Percentage of HH, industries-commerce and public institutions connected to grid electricity across Lesotho.	a1) BL: 45% of industries, commercial entities and households having access to reliable and affordable clean energy; Target: 75% of industries, commercial entities and households have access to reliable and affordable clean energy by 2027	a1) LEWA, LEC, DoE and LMS Annual reports. BoG reports.
b) Access to improved cook stoves, Solar Water Heaters (SWHs) and energy efficient lamps (EE Lamps) improves health condition, natural resources and promotes education for all.	b1) New Num. of biomass cook stoves, SWHs and lamps in use. b2) 70% HH affected by indoor air pollution in Rural areas b3) 0 students with access to EE Lamps b4) 0% of improved soil vegetation cover	b1) BL: 0 Improved Cook stoves; 0 SWHs and 0 EE Lamps Targets: 50,000 Improved Cook stoves; 5,000 SWHs and 50,000 EE Lamps by 2027 b2) BL: 70 % HH affected; Target: Decrease by 20% HH affected by 2027 b3) BL: 0 new Students with access to EE lamps; Target: 150,000 students with access to EE lamps by 2027 b4) BL: 0 % of vegetation cover improved; Target: 40 % of vegetation soil cover improved by 2027	b1) DoE Reports; Programme Reports b2) Health facilities reports b3) Ministry of Education reports b4) Department of Environment, Ministry of Agriculture and Food Security reports, Ministry of Forestry and Land Conservation annual reports, ICM Unit reports
Specific objective 6: Improve Lesotho Energy Sector leadership and institutional capacity			
Expected Results	Indicators	Baseline & targets	Means of verification
a) Renewable energy policy frameworks strengthen and operational.	a1) Num. of new policy, regulations, frameworks and standards developed by 2027.	a1) BL: 0 new policy, regulations and frameworks; Target: 10 new policy, regulations and frameworks by 2027	a1) Government Gazette, sector Reports
b) Enhanced capacities of professional cadres across the Lesotho energy sector in order to apply technical expertise to develop practical and innovative service and cooperation approaches.	a1) Status of energy sector institutions capacity. a2) No of sector dialogues organised by the Department of Energy with CSOs, academic (with specific gender mainstreaming) and private sector to promote Lesotho's energy policy. a3) TA support programme to Basotho gender balanced academia sector to service policy and implementation requirements of Lesotho.	b1) BL: 0 programme; Target: programme developed by 2027 b2) BL: 0 sector-wide dialogue and activities organised by the Department of Energy. Target: 24 Sector dialogues-consultations by 2027. b3) BL: 0 support to academia; Target: Support programme implemented	b1) Capacity building Programme and programme report b2) Dialogues reports b3) Lesotho Academia reports, regional and international academic institutions and journal records
c) Policy-relevant energy and climate change data and information produced, updated and shared timely and consistent for accountability.	c1) Status of database system (disaggregated by gender) c2) No. of reports, maps, diagrams, observatories shared, including via online platform (disaggregated by gender)	c1) BL: No. 0 database repository exists for Lesotho water sector; Target: No. 1 central database repository for the energy sector established c2) BL: 0 Reports, Maps, Diagrams, observatories; Target: Annual Reports (include maps, diagrams and observatories) and are shared.	c1) Database c2) Reports from Energy/Energy Commission/Bureau of Statistics and online platform
Priority area 2: Good governance; Peaceful and just society			
Specific objective 1: Enhanced Political Stability and Trust in the Political System			
Expected Results	Indicators	Baseline (BL) & targets	Means of verification
a) Enhanced Accountability and Inclusiveness	a1) Increased effectiveness of parliamentary functions a2) Percentage of citizens satisfied with the way democracy works in Lesotho	BL: Bertelsmann Governance Index 2020: Lesotho Rank 108, Score 3.6; Afrobarometer 2020: Satisfaction with Democracy 57% - Target: to be defined at a later stage of the Action	Baseline and endline assessments of legislative records to be commissioned by the Action; Afrobarometer; Bertelsmann Governance Index
b) Reformed, efficient, results-oriented and depoliticised public service	b1) Progress regard establishment of independent mechanisms for recruitment, performance management, monitoring and evaluation	BL: Rank 83 (2020): Lesotho - Target: to be defined at a later stage of the Action	TI Corruption Perception Index
c) Supported government welfare and social protection	c1) Number of households benefiting from EU funded social protection programmes	BL: 55,960 households - Target: to be defined at a later stage of the Action	Baseline and endline assessment of the Action
Specific objective 2: Improved availability and use of disaggregated, quality, timely and reliable data to inform policy making			
Expected Results	Indicators	Baseline & targets	Means of verification
a) Enhanced statistical capacity to inform policymaking and monitor progress toward	a1) Statistical capacity to monitor SDG progress is established and operational a2) Number of policies informed by disaggregated, quality timely and reliable data	BL: Absence of statistical capacity to monitor SDGs and inform policy making	Baseline and endline assessment of the Action

