

"FICHE CONTRADICTOIRE"
Evaluation of the European Union's Co-operation with Lesotho
2008-2013

Country level evaluation

For the full details of the recommendations, please refer to the last section of the Evaluation Report

Recommendations	Responses of Services:	Follow-up (one year later)
STRATEGIC RECOMMENDATIONS		
<p>1 - Widen the cooperation approach to combine national and sub-regional development cooperation, with a proactive political dialogue, including with South Africa, and facilitation of private sector investment and trade with South Africa</p>	<p>Partially agree. The recommendation is theoretically valid, however the current situation in Lesotho and in SA, as well as the relations between the two countries, makes this recommendation unfeasible. For this the EU would need to provide a major political investment in making the two countries work together. In the current context, both with regards to political/economic priorities for the EU as well as staffing, this is therefore not a realistic recommendation.</p>	<p>The political relations between SA and Lesotho have not changed fundamentally and therefore the comment made before still stands. The bilateral commission between the two countries has not met for more than two years which is an indication that indeed the relations are below optimal. Furthermore the DEL staffing constraints have not been addressed. That said, there is a DEL idea to possibly promote a regional Water Diplomacy initiative.</p>
<ul style="list-style-type: none"> Recruit a political officer with knowledge of the region 	<p>Agree. The need is certainly there, however, recruiting personnel is difficult during this period of staff cuts. As a temporary solution a young expert has been deployed to the Delegation for a period of 7 months</p>	<p>The Delegation has been allocated an EEAS JPD post (until Aug 2017), but there are no indications that the allocation of a political officer post is being considered (also recommended by the recent Inspection).</p>
<ul style="list-style-type: none"> Approach institutions with interest and experience in joint /cross-border/ tripartite. 	<p>Partially disagree. See overall comments above. The EU is not in a position to follow-up on this. Very few if any institutions would be willing and/or able to enter at this stage in such cooperation and the workload implications for the Delegation make it an unfeasible proposal.</p>	<p>Original comments still valid.</p>

<ul style="list-style-type: none"> Work out modalities for closer coordination and political dialogue with third parties between the EU Delegations to Lesotho and South Africa. 	<p>Disagree. There are serious limits to closer cooperation, in particular due to the low priority of Lesotho in the SA political dialogue agenda. Also currently tripartite EU/LS/SA dialogue does not feature high on the LS agenda.</p>	<p>Original comments still apply - apart from the possible regional Water Diplomacy Initiative (above), and ongoing EU engagement with SA in context of SADC mediation in Lesotho.</p>
<ul style="list-style-type: none"> Lesotho's private sector development should be supported through political and policy dialogue, trade agreements/advice/promotion and funding of activities to develop and strengthen its competitiveness with a view to help it tap the huge potential South African market. 	<p>Partially agree. Private sector environment needs analysis before engagement. Currently the private sector is limited and partially very politically linked. Other development partners have tried in the past with very limited success. The business opportunities in SA for Lesotho are very much governed by the SACU agenda and as such out of any influence by the EU. However, support to the implementation of the Economic Partnership Agreement (EPA) provides an opportunity to promote private sector/trade facilitation. Since the 11th EDF NIP does not identify private sector as one of the focal sectors, support will mainly be through political and policy dialogue and the regional envelope of the 11th EDF RIP (SADC).</p>	<p>Due to the political situation in Lesotho very little policy development has been undertaken by the Government including on private sector development. While on the one hand there is a clear verbal wish expressed by senior Government officials to promote the private sector development, many actual actions are testimony to the contrary. One obvious example is the problematic issue of work permits for foreigners which seems to be one of the reasons for investors to hold back.</p> <p>Regarding regional cooperation on water, the Delegation in Lesotho reached out on a number of occasions to Cooperation colleagues at the Delegation in SA but no response was received. However, recently an idea for a possible regional Water Diplomacy initiative has been the subject of a preliminary discussion among both HoDs. Previous comments on support to EPA implementation apply, while economic development (incl private sector) and job creation will benefit from implementation of energy and water programmes under EDF11.</p>
<ul style="list-style-type: none"> Develop a new financing instrument accessible by LS and SA and not requiring passing through a regional body. 	<p>Agree. While the development of a new instrument may not be feasible, the analysis of how to allow for including SA in the regional cooperation with EDF is ongoing.</p>	<p>The constraint for SA to access EDF funding still has to be addressed. There is no likely solution in sight as of now.</p>

<p>2 - Build on the momentum created by the changing political context, the political role given to the EU and the position of the EU as sole EU, to place political dialogue on civil service reform at the forefront of cooperation and reassess the priorities.</p>	<p>Partially agree. It is indeed important to seize the opportunity of the current window for dialogue by the EU created by the latest political and security developments in Lesotho. Civil service reform is, however, only one key area where this dialogue needs to be exploited. Moreover, the complexity of the sector as well as past failures from other development partners make it necessary to tread carefully and quick results cannot be expected.</p>	<p>Although it was the intention under the 11th EDF to target the reform of the civil service, a large scale WB intervention made an additional intervention by the EU no longer necessary. Furthermore, while the Government is providing lip service to many reforms including the civil service, in practice there has been very little concrete action after almost two years. Meanwhile, the WB civil service reform programme is steered by the PFM Reform Steering Committee, where the EU is a full member.</p>
<ul style="list-style-type: none"> • Recruitment of a political officer (cf. Rec 1) 	<p>Agree. (cf 1) but difficult during times of staff cuts.</p>	<p>See 1 above.</p>
<ul style="list-style-type: none"> • define a long-term strategy for political dialogue 	<p>Partially agree. A scenario assessment and possible responses by the EU to the different scenarios could be envisaged. However, in the current political climate, long-term planning is difficult.</p>	<p>The comment made before on the political volatility is applicable now more than ever. Meanwhile the EU remains closely engaged with the main political and diplomatic actors and SADC in ongoing efforts to get beyond current instability.</p>
<ul style="list-style-type: none"> • establish a political dialogue with the Cabinet 	<p>Agree. Dialogue at the highest political level has already been established.</p>	<p>Done – both formal and informal dialogue on a regular basis.</p>
<ul style="list-style-type: none"> • Re-assess the relevance and potential effectiveness of EU projects and programmes: <ul style="list-style-type: none"> o Close non-performing programmes o Defer the launch and implementation of new projects which require a fully functioning civil service 	<p>Partially agree. Re-assessment of projects and programmes is an ongoing process. Clearly non-performing programmes will be assessed and redirected.</p> <p>The immediate closure of ongoing programmes with difficulties may not be the most effective solution. The best way forward is assessed in each individual case as required.</p> <p>Most projects implemented under the EDF NIP are implemented through the Government. They are affected to various degrees by the problems within the civil service. Waiting for a 'fully functioning</p>	<p>The reassessment of our cooperation is an ongoing exercise. Where possible reviews/evaluations have been done and projects have been re-focused.</p> <p>Currently the Delegation is, in conjunction with the services at HQ, busy with reassessing the cooperation, including the possibility of a reduction of the envelope after the MTR. Government has been 'put on notice' and there are some signs that the message is understood, although it is too early to say if indeed a corner has been turned in particular since all is depending on the ever-changing political landscape.</p>

<p>o Give preference to CSO projects</p>	<p>civil service' would imply in practise a suspension of all bilateral aid, which is a highly political recommendation. Such a decision would require a thorough justification and consideration of the consequences, both political and developmental. Nevertheless, the preparation of any new 11th EDF cooperation programmes is currently slowed down, while the conditions, scope and implementation modalities are carefully assessed.</p>	
<ul style="list-style-type: none"> Reassess the ambitions of the 11th EDF and adjust 	<p>Partially agree. The timing of the country evaluation was unfortunate after the conclusion of the 11th EDF programming. However, should the political and security instabilities persist, an ad hoc review of the NIP ahead of the regular MTR may be required.</p>	<p>See original comments and above.</p>
<p>3 - The continuation and future use of budget support (BS) in Lesotho should be reconsidered</p>	<p>Agree. The continued use of budget support as an aid modality in Lesotho is being closely evaluated against the overall developments in the Country.</p>	<p>When in the beginning of 2016 BS eligibility was assessed , it was concluded that the country did no longer comply with the general eligibility criteria for Budget Support. As a result a decision was reached not to disburse the pending Budget Support payments for the three ongoing budget support operations, consequently 26.85M€in grant funding was lost for Lesotho. At the same time a decision was taken to defer to the future the possibility of any resumption of BS, given the lack of compliance with the eligibility criteria. The preliminary findings of the ongoing PEFA assessment have further confirmed a very bleak state of affairs with regard to PFM.</p>
<ul style="list-style-type: none"> The use of BS should be re-assessed on the basis of the eligibility criteria and the results achieved so far 	<p>Partially agree. The eligibility for Budget Support is continuously analysed, assessed and discussed with the authorities in an ongoing dialogue. A new assessment of the four eligibility criteria for BS is foreseen to be conducted by the end of 2015. Before this no further disbursements or new programmes will be approved.</p>	<p>See above.</p>

<ul style="list-style-type: none"> The EU should, even without providing budget support, be actively involved in political and policy dialogues. 	<p>Agree. However, the EU leverage in such dialogues is clearly more limited without being an active budget support provider.</p>	<p>Policy elements are part of the regular political dialogue. It is clear that our leverage has been limited due to the fact that we are no longer providing budget support and can at times be more limited to the focal sectors of the NIP.</p>
<ul style="list-style-type: none"> To help the EUD with the monitoring of the PFM situation and progress in Lesotho, the EUD could recruit a PFM expert or retain one on a short-term basis. 	<p>Agree. While additional staff cannot be considered at the moment, specific PFM expertise is being recruited under the ongoing project portfolio.</p>	<p>Although no additional Delegation staff has been recruited the Delegation does rely at times on the input of EU funded PFM experts in the Ministry of Finance. For various, mainly personal reasons, we have had a high turnover of expert staff in the PFM support programme which has made it difficult to build some level of trust with the TA.</p>
<p>4 - Should eligibility criteria be satisfied and a case for budget support be made in the future, the focus should be on sector level support and on sector performance</p>	<p>Agree. For future budget support programmes the focus will be on sector level support, in accordance with the 11th EDF NIP.</p>	<p>Unfortunately due to the poor performance on the eligibility criteria for BS no form of BS can be considered at the moment in Lesotho.</p>
<ul style="list-style-type: none"> The conditions for effective BS should be carefully analyzed: implementation of a civil service reform should remain an unconditional precursor to any BS. The credibility of Government's policies and sector reforms should be assessed against tangible evidence. 	<p>Partially agree. An assessment of budget supporteligibility, in particular as concerns tangible progress in the implementation of sector policy reforms, is planned to take place by the end of 2015 (cf 3). Implementation of an overall civil service reform constitutes indeed a key issue to be addressed by the Government and it is a key element of the policy dialogue and monitoring carried out by the EU. Should the eligibility criteria be met, specific aspects of the civil service reform will be looked at in the framework of the macroeconomic situation as well as with regard to the PFM and sector policy analysis. An agreement on the key priorities for civil service reform, including specific performance indicators, could also be envisaged.</p>	<p>The conditions for BS have been analyzed and a decision to discontinue the use of this modality was taken. See also above.</p>
<ul style="list-style-type: none"> If designing a Sector Reform Contract, it should be on the basis of a medium-term 	<p>Partially Agree. While recognising that a credible and comprehensive sector budget is essential for</p>	<p>The use of Budget support, and Sector reform Contracts in particular has been discontinued due</p>

<p>budget plan (revamped MTEF) which in turn will be a pre-condition for disbursement;</p>	<p>the proper implementation of the sector policy, the development of a MTEF is a gradual process that should focus first on building sound bases, such as a credible annual budget, the definition of aggregate fiscal objectives, prioritisation of the expenditure programmes etc. Therefore, it is preferable to adopt a process and systemic perspective on the development of a MTEF, rather than making it a pre-requisite for supporting a sector programme.</p>	<p>to non-compliance with the eligibility criteria. See also above.</p>
<ul style="list-style-type: none"> The provision of complementary capacity-building support should be linked to improved management of human resources within the civil service 	<p>Agree, but it should be a longer term objective and closely coordinated with others donors involved.</p>	<p>As indicated the WB has brought in a programme to deal with this and we feel at this stage that the absorption capacity is not sufficient to also launch an EU funded programme.</p>
<p>5 - The EU should support the fight against the spread of HIV/AIDS in Lesotho by intense lobbying for better prevention</p>	<p>Agree. However, only through EEAS political dialogue since health is not a focal sector in the 11th EDF NIP.</p>	<p>Limited opportunities have been taken to lobby. A new Government initiative of fighting HIV/AIDS by basically creating a parallel system to the Ministry of Health has not contributed to better addressing the challenge.</p> <p>Delegation has requested DEVCO HQ backstopping support to enable the DEL to join the US as the donor partner in the Country Coordinating Mechanism for the Global Fund</p>
<ul style="list-style-type: none"> Lobby for the reinstatement of the HIV/AIDS Commission 	<p>Agree. This has been and is an ongoing process.</p>	<p>National AIDS Commission (NAC) has been reinstated.</p>
<ul style="list-style-type: none"> Lobby for increased Government and community attention to HIV prevention and care 	<p>Agree. Within the division of labour in the (small) donor community in Lesotho, the EU has provided background support for those in the forefront (IR, US and UN). However the EU does not have the necessary competent manpower to start an intensive lobby in this area and health is not a focal sector in the 11th EDF NIP.</p>	<p>See original response and comments above.</p>

<ul style="list-style-type: none"> Lobby to couple social protection with prevention 	<p>Agree. HIV prevention is certainly very important and should be complementing measures to address the impact. This will be pursued through political dialogue. At the same time, the current social protection programme was designed to deal with the impact of the HIV/AIDS crisis not the prevention side. Linking the two at this point in time would create the potential for disruption of a very successful and internationally recognised programme</p>	<p>See original response. Lesotho's EU supported social protection response is increasingly recognized internationally as a good practice example.</p>
<ul style="list-style-type: none"> Explore opportunities with GoL to capture migration issues in HIV prevention actions. 	<p>Agree. To be pursued through political dialogue</p>	<p>See original comments</p>
<p>6 - Put in place measures to ensure that the social protection system is effective and sustainable</p>	<p>Agree</p>	<p>See original comments</p>
<ul style="list-style-type: none"> Continue providing advisory services to the Government. 	<p>Agree. Will be intensified under phase three.</p>	<p>See original comments</p>
<ul style="list-style-type: none"> Support community mobilization and GoL accountability. 	<p>Agree. It will continue to be part of the support provided. New support measures under the governance sector will prioritise this.</p>	<p>See original comments</p>
<ul style="list-style-type: none"> Design livelihood interventions as a package with the cash grant for both effectiveness and possible graduation/exit strategies. 	<p>Agree and pilots are currently evaluated.</p>	<p>See original comments</p>
<ul style="list-style-type: none"> Lesotho's case could be used to contribute to advocacy for efficient Social Protection systems development. 	<p>Agree. This is in fact already being done.</p>	<p>See original comments</p>

<ul style="list-style-type: none"> Take a proactive role in engaging the government and UNICEF to develop a complaint mechanism associated with social protection systems delivery. 	<p>Agree. Pilots in this sense are under design</p>	<p>See original comments</p>
<p>7 - The EU should continue supporting the water sector with both project and sector-wide funding and encourage inclusion of WS sciences in the high school curriculum</p>	<p>Agree. Continued support to the water sector is a key priority, in line with the 11th EDF NIP. Implementation modalities will be identified in accordance with the type of intervention and objectives to be achieved.</p>	<p>After much delay the outline for our support to the water sector is now clear. AD is under preparation.</p>
<ul style="list-style-type: none"> Join and fund a specific part of the Lowlands water supply scheme of which only two of the eight zones targeted are currently covered. 	<p>Partially agree. Support to Lowlands is only one of the options which could be considered. This will largely depend on the funding arrangements, implementation modalities and the priorities of the Government.</p>	<p>Lowlands is part of the AD proposal under preparation.</p>
<ul style="list-style-type: none"> Consider, in the medium term and once conditions are appropriate (see R3), providing BS in the form of a Sector Reform Contract. 	<p>Agree</p>	<p>SBS is still the preferred implementation modality but given the lack of eligibility this modality is currently not an option.</p>
<ul style="list-style-type: none"> Set up and support a vocational awakening to the topics of WS sciences through a specific training/course at a national high school. 	<p>Agree. However, the limitations with the inclusion of WS sciences, especially in the short term, are obvious. Support to the National University has already been contemplated in the scoping study on the Water sector support.</p>	<p>Currently an intra-ACP programme is working on this with the National University of Lesotho.</p>
<p>8 - The added value of continuing TA provision should be assessed:</p>	<p>Partially agree</p>	
<ul style="list-style-type: none"> The added value of the on-going TA (support to NAO / PFM) in the current context should be evaluated; the validity of launching the other TA components under PRBS2 should be critically re-assessed. 	<p>A reassessment of TA support is clearly required, however TA support to key PFM reform areas, in line with a division of labour already agreed with other major donors, is considered critical to continue. NAO support started less than a year ago and it is thus too early to evaluate.</p>	<p>At the same time as the decision to stop Budget support in Lesotho was a clear policy message to the Government that the EU is unable to support reforms that are not implemented and policies which do not deliver, the EU did not want to leave the Government alone and without support, ensuring that if they demonstrate renewed commitment, they have the technical assistance resources at their disposal to help them obtain eligibility for budget support at a later stage during the 11th EDF. This TA is currently ongoing in the area of PFM and support to the NAO with varying degrees of success.</p>

<ul style="list-style-type: none"> Political dialogue should be used to stress the EU's position on the civil service and the need for in-depth reform. 	Agree. Reforms should be highlighted in political dialogue.	In EU political consultations with GoL the progress on the Government's reform agenda is constantly referred to. So far though the progress is disturbingly slow.
<ul style="list-style-type: none"> In the area of governance, the EU should continue funding training and governance capacity strengthening notably towards CSOs and the Parliamentary committees. 	Agree.	Yes, and support in this sense is envisaged as part of the AD on Governance which is under preparation.
<ul style="list-style-type: none"> In order to close the expertise gap within the EUD, a PFM expert could be recruited to advise the EUD 	Partially agree. A new recruitment of a PFM expert is not a feasible option, however other arrangements, such as advice and support from the TA to PFM could be helpful.	No new staff is foreseen for the Delegation. The Delegation makes use of the expertise of the TA in the PFM reform secretariat if and when needed.
9 - The EU should continue to fund NSA in Lesotho, whilst continuing to gradually build their capacity. A review of the EU involvement in decentralisation should be undertaken to consider whether continued support is justified	Agree on NSA. Agree. An MTR is underway in order to ensure a more focussed support during the remainder of the decentralization project. Decentralisation is not a focal sector in the 11th EDF NIP.	See original comments. MTR of the decentralization programme has been conducted and part of the programme has been refocused. However, the results are still limited but this is also partly due to the political situation in the country and not directly linked to the project.
10 - Staffing resources in the Delegation should be better adapted to its ambitions:	Agree	
<ul style="list-style-type: none"> EU headquarters to provide additional resources, first and foremost a political officer. 	Agree. (Cf.1)	The Delegation has been allocated an EEAS JPD for political issues (until Aug 2017). However no political officer can be anticipated. In general the staffing situation at the Delegation has deteriorated with the move of both the international FCA staff (one to Pretoria). This has increased the stress on the staff resources still present.
<ul style="list-style-type: none"> Adapt staffing of the Delegation to the programmes rather than programmes to staff. 	Agree. This is done as far as possible.	See original comments
<ul style="list-style-type: none"> Simplify the non-focal sector portfolio and revisit support to decentralisation and justice. 	Partially agree. In the 11th EDF NIP non-focal sectors have been eliminated, including support to decentralisation. As concerns Governance, a scoping study will help determine where the biggest EU leverage can be achieved in the light of other overall EU policy considerations like division of Labour, priority of Governance etc.	The Scoping study for Governance has been finalized and an AD is under preparation for the Governance sector. Justice (as well as oversight bodies) was seen as one of the potential subsectors within Governance where support could still be of value.
<ul style="list-style-type: none"> Ensure that all programmes in small Delegations are monitored through the 	Partially Agree. ROM missions also constitute an administrative burden on the Delegation and to	See original comments.

ROM.	widen this to all programmes would be inconsistent with the evaluations finding on the work load already placed on the Delegation.	
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