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This action is funded by the European Union

ANNEX

of the Commission decision amending Decision C(2015)799 of 17.02.2015 on the Annual Action Programme 2014 in favour of the Kingdom of Lesotho to be financed from the European Development Fund Bridging Facility

Action Document for the Technical Cooperation Facility V

1. Title/basic act/ CRIS number	Technical Cooperation Facility V CRIS number: FED/025-040 financed under the 11 th European Development Fund			
2. Location	The Kingdom of Lesotho			
3. Programming document	11 th EDF National Indicative Programme (2014-2020) for cooperation between the Kingdom of Lesotho and the European Union			
4. Sector of concentration/ thematic area	Economic and Development Policy	DEV. Aid: YES ¹		
5. Amounts concerned	Estimated cost this TCF V extension: EUR 5,000,000 Total estimated cost TCF V: EUR 9,000,000 Total amount of EDF contribution EUR 9,000,000			
6. Aid modality and implementation modality	Project modality Direct and Indirect management with the Kingdom of Lesotho			
7 a) DAC code(s)	15110			
b) Main Delivery Channel	Recipient Government 12000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			
10. SDGs	<i>Main SDG Goals on the basis of section 4.1:</i> SDG 1 End poverty in all its forms SDG 8 Decent Work & Economic Growth SDG 10 Reduce Inequality within and among countries SDG 16 Peace Justice and Strong Institutions <i>Secondary SDG Goals on the basis of section 4.1:</i> N° 17: Partnerships for the Goals			

SUMMARY

The specific objectives of Technical Cooperation Facility V are to: support the identification, formulation, and implementation of actions under the 11th EDF. The purpose of the extension of the Facility is to reinforce government's capacity for implementing the 11th EDF focal sectors, and the preparation of a framework for future cooperation with the EU.

Although not linked to any one initiative or policy, the extended Technical Cooperation Facility will provide support to: the operations of the NAO; policy and infrastructure development in the Water Sector; and continued assistance to the reform of Public Finance Management. In addition, the Facility will provide ad-hoc short-term technical assistance support to a broad range of government policies, including but not limited those relevant to governance (public finance management), water, youth employment, gender, regional integration, private sector development, EPA implementation, etc.; future EU cooperation through the implementation of the EU-SADC EPA and the post-Cotonou successor to the 11th EDF; deeper regional integration through the programmes of EU-SADC cooperation and other EU initiatives. The activities and measures carried out will complement the Government of Lesotho's own activities in these areas, as expressed by its commitment to reform and in the Second National Strategic Development Plan (NSDP 2), which is to commence in 2018/19.

1 CONTEXT

1.1 Country context

The Kingdom of Lesotho is a small, landlocked State surrounded by South Africa. The total land area is 30,355 km², consisting of four topographical areas, i.e. Highlands, Foothills, Lowlands and the Senqu River Valley. About 80% of Lesotho's population lives in the Lowland and Foothills, which cover 30% of the land area. Most of Lesotho's productive arable land is found in these two topographical areas. Land in the Highlands and Senqu River Valley is suitable primarily for grazing and has low population densities. The country has a narrow resource base consisting largely of water, diamonds and labour, with a lesser contribution from agriculture in the form of wool and mohair. A significant number of households rely on employment in the public sector, garment manufacture, construction and on remittances from relatives living in neighbouring South Africa, where the Sesotho speaking diaspora makes up a significant part of the overall population.

Government's revenues have a high dependence on transfers from the Southern Africa Customs Union (SACU), while export revenues are derived from the sale of water to South Africa, diamonds to Belgium and textiles to the United States under the AGOA arrangement. While in terms of its per capita Gross National Income (GNI)² Lesotho ranks as a lower middle-income country, this measure has declined from a high of US\$ 1,550 in 2010 to US\$ 1,270 in 2016. In part this decline has been occasioned by the impact of the 2009 global crash and the recession that resulted. These factors had a negative impact on SACU revenues, on the local textile industry, and on employment opportunities for Basotho in South Africa, a feature that continues to the present.

The prevailing socio-economic environment is one of uncertain government revenues, high income inequality and unemployment together with an under-performing public sector. This is further affected by challenges in the security sector, and the fragilities recently experienced with coalition governments. In this situation the priorities for Lesotho are to: institute extensive reforms; identify high-quality fiscal adjustment measures that will improve spending efficiency; and identify and implement development policies and capital investment programmes that will increase economic growth, provide employment opportunities and improve the livelihoods of all citizens.

To address the need for significant fiscal adjustment the government is to evaluate its spending, with the objective of identifying where room could be made for cuts, without adversely affecting social obligations. To complement this policy government is attempting to increase private sector development and enhance job creation, through introducing measures that will reduce red tape. However, government recognises that this is a short-term measure and that over the medium-term improving human capital formation will be critical, as stubbornly high HIV and AIDS rates, and little progress in raising education standards have taken a toll on labour productivity.

The government has shown that it is committed to reform of both the public service and the security services. A Bill on public sector reform has been passed by Parliament and a unit is to be established within the Office of the Prime Minister, to lead the reform process. With EU support and the support of other International Cooperating Partners the government has already initiated measures to reform the public service and public financial management and procurement.

² GNI per capita (formerly GNP per capita) is the gross national income, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population.

Ranked 160th out of 188 countries in the 2016 *UN Human Development Index* Lesotho's HDI index has increased from 0.469 on 2010 to 0.497 in 2015. However, when the value is discounted for inequality³, the HDI falls to 0.320, a loss of 35.6 percent⁴. The significance of inequality is reflected in recent poverty trends. Between 1966 and 2002 the estimated Poverty Head Count ratio in Lesotho fell from 66.6% to 56.6%, a trend that reflected the early gains made after independence and the accelerated economic growth experienced in the latter part of the 20th century. However, since 2002 there has been a gradual worsening in poverty levels with the poverty rate at the national poverty line of Lesotho climbing gradually to 57.1 % in 2010. This worsening trend has been driven in part by deepening income inequality⁵ and has been exacerbated by the triple threat of HIV and AIDS, persistent food insecurity and fewer unemployment opportunities, particularly amongst the youth. Within Lesotho there is a marked difference between the poverty ratio in the urban areas (39.6%) compared with in the rural areas (61.2%). In recent years, with support from the EU, the government has instituted measures to address wealth distribution through introducing social protection targeted at the most vulnerable members of society.

Although Lesotho's overall ranking in the World Economic Forum's gender gap index has fallen in recent years (from 8th in 2010 to 73rd in 2017) there has been improvement in terms of the gender gap index from 0.681 in 2006 to 0.695 in 2017. The area that has improved the most has been in the sub-index of economic participation and empowerment, where the gap index has improved from 0.607 (2006) to 0.655 (2017). However, despite the predominance of women amongst professional and technical workers (62% female vs 38% male) and close to parity in terms of education, this progress is outweighed by significant gaps in women's representation as legislators, senior officials and managers (36% female vs 64% male) and in terms of parity of estimated income earned (\$ 2,258 for females vs \$ 3,847 for males⁶). For the future, as the social dynamics in Lesotho society change, due to a significant part of the population being less than 25 years of age, educated and familiar with the features of modern life (telecommunications, social media, etc.) traditional gender relations can be expected to change. This change will also be affected by the transformation in circumstance where historically, men in Lesotho have been labour migrants and women were the organisational factor in society and in productive economy. With recent regional economic developments and changes to migrant labour policies in neighbouring South Africa, the traditional employment opportunities for men have been greatly reduced. As a result more men are now jobless and less empowered than women. This has led to diminishing social inclusion and increased gender-based violence.

Lesotho is a signatory to the SADC Protocol of Gender and Development and gender-based groups in Lesotho are members of the Southern African Gender Protocol Alliance. The Alliance is now advocating for action and results in the implementation of the Protocol which is linked to the Sustainable Development Goals (SDGs), Beijing Plus Twenty and the Africa Agenda 2063. With the introduction of a Monitoring, Evaluation and Results Framework, progress in the implementation of the Protocol and other gender related issues are reported annually in the SADC Gender Protocol Barometer.

³ HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI masks inequality in the distribution of human development across the population at the country level. The IHDI is basically the HDI discounted for inequalities. The 'loss' in human development due to inequality is given by the difference between the HDI and the IHDI, and can be expressed as a percentage. As the inequality in a country increases, the loss in human development also increases.

⁴ According to the 2008 Labour Force Survey, joblessness amongst those in the 15-24 years age bracket stood at 45.1 per cent.

⁵ Lesotho has a Gini-coefficient of 0.525

⁶ Estimated from share of per capita GDP based on Purchasing Power Parity at current international Dollars

Lesotho signed the SADC-EU Economic Partnership Agreement in end 2016 and is in process to formulate its National Implementation Plan. This will bring growth in the economy together with employment creation due increased trade with the EU.

1.1.1 Public Policy Assessment and EU Policy Framework

The ‘Vision 2020’ and five-year national strategic development plans set out Lesotho’s development policy, which is centred on development through education, social protection and economic growth. The NSDP for 2012/13-2017/18, which formed the framework for 11th EDF cooperation, identified six priorities: i) accelerated, shared and sustainable economic growth, ii) human development and social protection, iii) key infrastructure, iv) good governance, v) environment and vi) climate change, together with the cross-cutting issues (gender, youth, human rights, etc.). A review of the Plan confirmed the validity of these priorities and it is expected that they will form the core of NSDP 2 (2019/20 – 23/24). This plan will cover the latter part of the 11th EDF NIP and the commencement of a successor arrangement.

Since the adoption of the 11th EDF National Indicative Programme in 2014, the EU goals and priorities have evolved significantly, notably the adoption of the 2030 Agenda and its Sustainable Development Goals, the Paris Agreement and the Addis Ababa Action Agenda in 2015 and, at the EU level, the Global Strategy for the EU Foreign and Security Policy in 2016 and the new European Consensus on Development in 2017. In addition to these changes in EU policy, the 2017 Mid-Term Review of the NIP found that several issues with implications for the implementation of EU-Lesotho cooperation had arisen during the first part of the NIP. The most significant of these were:

- Following a period of political volatility, the new Government formed after snap elections in 2017 were faced with a number of challenges. These included the need for reforms aimed at the restoration of sustainable political stability and a concurrent reform of the public sector, including the reform of public financial management; and
- the need to support the Government's efforts in the implementation of its plans in social protection and in operating governance institutions;

The MTR also noted the challenge faced in using the full amount allocated to the Energy focal sector under the NIP and confirmed the country’s eligibility to access the resources of the External European Investment Plan. The latter was considered significant considering the importance of Lesotho’s potential for meeting both its own water requirements and those of other countries in the region.

In light of the new considerations and the challenges faced in using the full amount of the resources allocated, the 11th EDF NIP was reduced by EUR 18 million. The sector allocations were also adjusted by reducing those for Energy, Water and Civil Society and increasing the allocations to the Governance sector by EUR 12.5 million and that for Support Measures by EUR 2 million. For the latter, the MTR recommended that an indicative amount of EUR 9 million be set aside for a Technical Cooperation Facility (TCF). The increase in resources for the TCF would provide an opportunity for further support to the office of the National Authorising Officer, continued support to reforms in Public Finance Management and the preparation of an EU support programme to the Kingdom of Lesotho, should such support be confirmed for the post-Cotonou years.

1.1.2 Stakeholder analysis

The key stakeholders of TCF V are those involved with implementation in the 11th EDF NIP focal sectors, persons associated with reforms in the Ministry of Finance and those concerned with the development of proposals for the successor to the 11th EDF. To a lesser extent the Facility is expected to benefit bodies involved with the implementation of the SADC-EPA and the deepening of regional integration within SADC and SACU. Within the framework of deeper regional integration, it is also anticipated that under the umbrella of the SADC Protocol on Gender and Development, it could be possible to involve persons and bodies concerned with gender-based issues and the mainstreaming of gender in all areas of Lesotho's economic and social development.

The ultimate beneficiaries are the people of Lesotho who will profit from more effective governance and improved services. The benefits for these stakeholders go beyond the national arena since the outcome of the activities carried out under the Facility are expected to enhance the possibility for Lesotho to benefit from regional and continental initiatives.

1.1.3 Priority areas for support/problem analysis

At the time of signature, the implementation modality for the NIP was to be budget support through Sector Reform Contracts. Following the 2016 EC decision that Lesotho was ineligible for budget support, this ceased to be the mode for 11th EDF NIP cooperation. This decision was reinforced by the 2016 PEFA assessment, which indicated that there had been no improvement in the management of public finances since the assessments of 2009 and 2012. The loss of eligibility for budget support required a reorientation of the NIP and the subsequent identification, preparation and submission of Action Documents for projects in the three focal areas and for support to Civil Society.

The 2015 Evaluation of EU aid to Lesotho noted that a switch to the project approach would present challenges for both the Government (NAO's office and implementing agencies) and the EUD. In the instance of Government, the requirement that implementation be fully compliant with EU/EDF procedure would place additional burden on agencies unfamiliar with these procedures. Similarly, the EUD was expected to experience comparable difficulties, particularly given that grant projects in the Energy sector and in support of Civil Society were directly managed by the EUD. The Evaluation Report also observed that closer and more regular monitoring and evaluation of projects would further stretch the capacities of the NAO and the EUD. As it appeared unlikely that the resources of the EUD would be increased, a solution to what could be a significant constraint, both in terms of risk management and overall supervision, would be to strengthen the capacity of relevant government agencies through training, complementary technical assistance and through the establishment of a regular process of external monitoring and evaluation. This initiative was reflected in the findings of the MTR, which recommended that the allocation for support services be increased to EUR 9 million.

The additional allocation would allow for an increase in the Financing Agreement for TCF V. The additional resources would finance the selected operational expenses of the NAO; provide targeted long term technical assistance for the Water focal sector and the reform of Public Finance Management; and provide a facility for short-term technical assistance. The short-term technical assistance would offer an opportunity for support across the various areas of cooperation not covered by the focal areas – aid-for trade, EPA implementation, aid coordination; regional integration, gender and the development of a strategy and indicative programme for the post-Cotonou arrangement.

2. Risks and Assumptions

Risks	Risk level	Mitigating measures
Political instability: An uncertain political environment can result in ambiguities in economic and social priorities, with consequent uncertainties in the allocation of Government resources.	High	<ul style="list-style-type: none">• Political dialogue by EUD and other development partners, underlining the negative repercussions of political uncertainty• Support through the TCF should enable the EU to rapidly respond to opportunities to support the Government and help in bringing about greater certainty and less instability.
Political commitment: Government may be unwilling to implement long-term strategies and action-plans and undertake	Medium	EUD and other development partners continue to support the strengthening of governance through overall public

Risks	Risk level	Mitigating measures
genuine reform.		sector reform.
Lesotho failing to adopt or defaulting on the policy agenda set out by the NSDP 2. Since the objectives of EU cooperation are based on the national policies and strategies development plans, they can only be achieved if the agenda remains in place.	Low	The TCF will provide the possibility to strengthen the NSDP 2 process through, for instance, further development of indicators and through providing a basis for maximising synergy between NSDP 2 and the post-Cotonou arrangement
The possibility of Lesotho being able to fully exploit the potential for regional support is not used	High	Although not a major part of the TCF, the activities supported should facilitate a greater awareness of the growing importance of regional and continental initiatives, particularly in the context of EU cooperation.
Assumptions		
<ul style="list-style-type: none"> - The Government of Lesotho's will remain committed to the reform of the public service and improving governance in Lesotho. - The political context is sufficiently stable to maintain an environment that encourages reform of governance in all its forms. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES LESSONS LEARNT

3.1 The lessons learnt following the approval of TCF V in 2015 are shaped by several monitoring and evaluation reports and the EC decision in 2016 to switch from budget support to the project approach / blending.

- i. The 2015 Evaluation of EU aid to Lesotho noted that the use of the project approach would present challenges for the Government (NAO's office and implementing agencies). A solution to this constraint would be to strengthen the capacities of the relevant agencies.
- ii. The 2017 ROM Mission for the project to "Support the management and coordination of aid", recommended that to ensure that progress made thus far was not lost (which the mission considered a real risk), a continuation of the support provided by the project was very much needed. As the TCF is the only funding instrument that would be available to the NAO, the ROM mission recommended that there was an urgent need to identify a suitable solution (i.e. the extension of TCF V or a new TCF VI).
- iii. The 2016 PEFA assessment of public finance management indicated that there had been no improvement in the management of public finances since the 2002 EU funded public finance review and the PEFA assessments of 2009 and 2012. A 2017 internal review of the Public

Financial Management Reform Project⁷ found that although only marginal progress had been made, a sound basis had been established for more effective reform. The Review recommended that continued intervention in this area was pertinent and necessary, particularly as public financial management reform was critical to the process of wider public-sector reform.

- iv. The signing of the SADC-EU EPA by Lesotho in 2016 heralded a new phase in EU-Lesotho relations and is one that introduced additional challenge to Lesotho's policy makers and institutions. If the country is to benefit from the provisions of the EPA, support will be required in several areas. A similar requirement will be necessary to develop the strategies and possible areas of intervention that could be considered for the post-Cotonou period, both in terms of national and regional cooperation with the EU.

3.2 Complementarity, synergy and donor coordination

With EU support the Department of Aid Coordination in the Ministry of Development Planning is gaining strength and is playing an increasingly pro-active role in the management and coordination of development cooperation. Similarly, through the development and proposed enactment of a Public Debt and Aid Management Bill, it is expected that a more effective agenda will be established for the management of both grant and loan assistance. An outcome of this would be the creation of a framework for taking maximum advantage of the opportunities offered for blending grants with loans.

The Lesotho Government has given reform of the public sector the highest priority. Current support from several of Lesotho's cooperating partners including the EU, IMF and ADB has been focused on public finance management reform, while the World Bank is providing assistance also for public service reform. Given the scale of the challenges to be addressed in reforming these aspects of governance, several external monitoring and evaluation exercises have noted that it is important that Lesotho's main cooperating partners maintain their support, as it will be central to ensuring that both the reform process and future cooperation with Lesotho's partners have a successful and sustainable outcome.

3.3 Cross-cutting issues

Gender: Through the support given to the result areas of the TCF and through contributing to increased governmental accountability and transparency, the TCF will ultimately contribute to gender issues. Under the 10th EDF programme of support to the management and coordination of aid, one area that received assistance was that of regional integration through the Directorate for Regional Integration (DRI). The 2016 revision of the SADC Gender and Development Protocol includes a women's economic empowerment framework, a Monitoring, Evaluating and Reporting Framework, and a Results Indicator Matrix. The support given to date to DRI has included training in the use of the SADC online monitoring and evaluation system for monitoring execution of the revised SADC Regional Indicative Strategic Development Plan, including the implementation of the associated Protocols. Through further support to strengthening the capacity of DRI and the line ministry directly responsible for monitoring of the Protocol's implementation, it is expected that an outcome would be improved gender equality and equity at all levels of society in Lesotho. In using the resources of the TCF to develop a country strategy and potential areas for cooperation under the post-Cotonou arrangement, the issue of gender will be given careful attention.

Support to Youth Lesotho has one of the highest unemployed youth populations in the world.

⁷ Financed by the EU/EDF, African Development Bank and the World Bank

Accordingly, it is expected that issues of youth, employment creation and labour productivity for economic diversification will be a feature of the activities financed from the TCF that will focus on EU-Lesotho cooperation post-Cotonou. It was a recommendation of the 2017 ROM report for the project supporting the NAO that consideration should be given to assessing the possibility of future EU support to technical, vocational education and training (TVET) programmes for unemployed youth.

Human Rights: The TCF will contribute indirectly to human rights through inter alia ensuring that the policies and activities included in the post Cotonou successor arrangement are coherent with EU policies on human rights, development and the participation of civil society.

Consultancies funded under the TCF will assess and contribute to a broad range of issues related to the above and other cross-cutting concerns. This could include the carrying out of an update on the Country Gender Profile; a Country Governance Profile; and Public Expenditure and Financial Accountability (PEFA) assessments.

It is not expected that TCF V activities would be detrimental to the environment. The project's activities would have a positive impact on good governance.

4. Description of the action

4.1 Objectives / results

The overall objective of the proposed TCF is to assist the Government attain its objectives as set out in Vision 2020 and the National Strategic Development Plans.

The specific objectives are the implementation of Government's social and economic development agendas through actions carried out under the ongoing 11th EDF NIP and in programming the post Cotonou successor arrangement. In all instances, emphasis will be given to: improved public sector service delivery; greater awareness among key actors of public sector reform, including the effective management of public finances; taking advantage of the opportunities offered by a deepening regional cooperation and integration; the exploitation of renewable resources; adaptation to climate change; and exploring and taking advantage of trade oriented issues, including the EU-SADC EPA and the SADC Industrialisation Policy.

The Action has three expected results:

Result 1: Enhanced capacity of government and the office of NAO, to identify, prepare, monitor and evaluate EDF programmes in accordance with EU rules and procedures.

Result 2: Skills of project/programme stakeholders improved plus increased visibility and awareness of EDF programmes, both at national and SADC regional levels

Result 3: Improved capacity, greater awareness and understanding among key actors in the public, private and civil society sectors on issues of development, governance, trade, growth, climate change, regional cooperation and integration issues.

4.2 Main activities

The main activities to be carried out by result area are:

Result Area 1

Enhanced capacity of government and in particular the NAO, to identify, prepare, implement, monitor and report on EDF programmes in accordance with EU rules and procedures.

Under this result area, the activities carried out will support the office of the NAO, strengthening its capacity to coordinate and manage EU support to Lesotho. In addition, targeted assistance will focus on the implementation of 11th EDF NIP projects in the Water and Governance (including but not exclusively Public Finance Management) focal sectors, where long-term advisers will be recruited. The services provided by the TA advisers would be supported by access to a facility for engaging short-term experts to provide focused assistance for institutional skills development and the formulation of revised policies or procedures, where identified by the management of the respective institutions. The short-term expertise available under the contract to supply long-term TA, would also be available for these activities and for the development of a country support strategy, NIP and portfolio of potential projects for the successor to the 11th EDF.

Result Area 2

Knowledge and skills improved among project/programme stakeholders and increased visibility and awareness of EDF Programmes, both national and regional, and of the role of the office of the NAO.

Under this result area the activities carried out will aim to strengthen the capacity of government and relevant non-state actors to prepare development programmes in line with national development priorities, mobilise (internal and external) resources, manage all aspect of the project cycle and effectively monitor and evaluate development outcomes and impacts.

Result Area 3

Improved capacity, greater awareness and understanding among key actors in the public, private and civil society sectors on issues of development, governance, trade, growth, climate change, regional cooperation and integration issues.

Under this result area the aim will be to strengthen the ability of government and relevant private sector/non-state actors to participate in regional, continental and global issues and to benefit from opportunities related to regional integration and trade, development cooperation and sustainable development. Emphasis for activities in this Result Area will be given to issues pertinent to cooperation between Lesotho and the EU, including the management of development cooperation, shared policies (gender equality, youth employment) and the implementation of the SADC-EPA and other aspects of regional integration.

4.3 Intervention Logic

To achieve the above results, the TCF in addition to supporting the selected operating costs of the NAO, will provide resources for interventions in the form of TA (long- and short-term) and financial support for training activities, conference, seminars and meetings. It will also promote the visibility of the EU funded interventions in Lesotho. The main interventions to be carried out under the TCF are:

- i. *Technical Assistance Facility:* In keeping with the objectives of the ACP/EU Partnership Agreement, the project will provide a facility for operational support to the coordination and management of EU-Lesotho cooperation complemented by long- and short-term technical assistance. This assistance will be used to ensure:
 - Implementation of the 11th EDF NIP and other EU programmes supporting and complementing Lesotho's national development plans. The main emphasis will be on

targeted long-term technical assistance to support the Water focal sector and in the reform of Public Finance Management.

- Assistance for the development of a country strategy and an indicative programme for a post-Cotonou successor arrangement including, where necessary, the identification of indicators for monitoring and evaluation.
- A strengthening of the national and regional/continental link, leading to a better integration of Lesotho into the regional and continental initiatives and further increase the potential for EU support to Lesotho.

The technical assistance will be procured through a single services contract and will include the two long-term posts together with a provision for short-term expertise. The use of this short-term expertise will be subject to requests (with output-based terms of reference) being submitted for approval to the NAO. Provision is also made for technical assistance (advisor) to the NAO, which would be provided through a separate service contract, to avoid conflict of interest.

- ii. *Training:* The intention of this activity is to ensure ownership of EDF programmes, particularly in the 11th EDF NIP focal sectors and in the wider area of EU-Lesotho cooperation. The activity will finance various training actions such as seminars or awareness-raising activities, hands-on training in the development of project/programme content and in the formulation of post-Cotonou cooperation. The main target of the training will be government officials. However, it could also be used to allow a better appreciation for EU/Lesotho/SADC policies and procedures amongst private sector/non-state actors and civil society organisations.
- iii. *Conferences and seminars:* This would provide support to meetings both within Lesotho as well as in the wider SADC region and EU. It is relevant to promote the understanding of the national/regional development agenda as well as the role the EU could play. Actions implemented could include: (a) more general capacity building activities for government officials, parliamentarians and private sector/non-state actors on topics related either to the priorities of the ACP-EU Partnership Agreement (democracy, gender, human rights, environment, poverty reduction, regional integration, trade, aid coordination, etc.) or to EDF or other EU administrative and financial procedures, (b) attendance at conferences/seminars on issues related to water sector policy and development, watershed management and protection, climate change, regional cooperation and integration and other ACP-EU Partnership Agreement priorities, and (c) participation by Lesotho government officials, parliamentarians or non-state actors in EDF/EU related international meetings or seminars on development, regional and Africa continental integration, environmental, water or trade themes.
- iv. *Operational Support for the National Authorising Officer;* Through Programme Estimates support will be given to the operations of the office of the NAO
- v. *Visibility:* To ensure a greater awareness of the GoL/EU activities as well as the publication of achievements and results, it is necessary to organise a number of events and other activities for the promotion of EU-Lesotho cooperation. Since the 11th EDF will target a large number of people in the water and energy sectors it is crucial that objectives and intentions are clearly explained.

5 IMPLEMENTATION

5.1 Financing agreement

To implement this action, it is foreseen to conclude an addendum to the Financing Agreement N° LS/FED/025-040 with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2 and 4.3 will be carried out, is 108 months from the date of entry into force of the Financing Agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation of the budget support component

n/a

5.4 Implementation Modality

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation⁸.

5.4.1 Procurement (direct management)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluations	Services	5	3/2019, 3/2021, 3/2022, 3/2023, 3/2024
Audits	Services	8	Two per year
Technical Assistance	Services	10	Three per year

5.4.2 Indirect management with the partner country.

A part of this action, with the objective of assisting the Lesotho in attaining the goals to be set out in second National Strategic Development Plan and in the Agenda 2030 SDGs, may be implemented in indirect management with the Kingdom of Lesotho according to the following modalities.

⁸ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100, 000 and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300,000 for procurement.

The financial contribution partially covers, for an amount of EUR 600,000 ordinary operating costs incurred under the programme estimates.

The partner country shall apply the Commission's rules on procurement and grants. These rules will be laid down in the Financing Agreement concluded with the partner country.

a) Overview of implementation

Activity	Type of Financing
Technical Assistance Facility	Service contract
Training	Programme estimates
Conferences and Seminars	Programme estimates
Operating support to ONAO	Programme estimates
Communication and Visibility	Programme estimates

b) Implementation through programme estimates

The contracting authority for these activities shall be the National Authorising Officer of the Kingdom of Lesotho. The project supervisor shall be the Ministry of Finance.

An imprest administrator and an imprest accountant, and their deputies shall be appointed for the management and implementation of the programme estimate by the contracting authority, in agreement with the Head of Delegation.

In accordance with the powers delegated to them by the partner country authority that appointed them, the imprest administrator and the imprest accounting officer shall draw up and implement programme estimates, award contracts and grants, commit expenditure and make the corresponding payments.

The imprest administrator and the imprest accounting officer shall submit their technical and financial reports to the project steering committee, where applicable, and to the National Authorising Officer of the Kingdom of Lesotho and a copy to the Head of the EU Delegation.

5.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Activity	Total Amount in EUR
5.4.1 Procurement (direct management by the Commission as the Contracting Authority)	1 550 000
<i>Technical Assistance Facility</i>	1 550 000
5.4.2 Indirect management with Lesotho National Authorising Officer as the Contracting Authority	6 700 000
<i>Technical Assistance Facility</i>	3 900 000
<i>Training</i>	1 070 000
<i>Conferences and Seminars</i>	1 120 000
<i>Operational support to Office of NAO</i>	360 000
<i>Communication and visibility</i>	250 000
5.9 Evaluation and 5.10 audit	250 000
Contingencies	500 000
Totals	9 000 000

5.7 Organisational set-up and responsibilities

The contracting authority for this project shall be the National Authorising Officer.

An imprest administrator and an imprest accounting officer shall be assigned to the management and implementation of the project by the National Authorising Officer for the Kingdom of Lesotho, in agreement with the Head of Delegation.

In accordance with the powers delegated to them by the National Authorising Officer, the imprest administrator and the imprest accounting officer shall draw up and implement consecutive

programme estimates, award contracts and grants, commit expenditure and make the corresponding payments.

The imprest administrator and the imprest accounting officer shall submit their technical and financial reports to the National Authorising Officer and to the Head of Delegation.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision) taking into account the fact that some of the actions supported will focus on strategy and programming for post-Cotonou cooperation between the EU and Lesotho.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the monitoring and/or evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the programme. Indicatively one contract for evaluation services shall be concluded under a framework contract in year four of the extension period.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in the first year of implementation for programme estimates.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

6 PRE-CONDITIONS

Not applicable.

Technical Cooperation Facility V
Logical Framework Matrix

	Intervention Logic	Indicators	Baseline	Targets	Source of verification	Assumptions and Risks
Overall Objective – Impact	To reduce poverty and achieve sustainable development	Aggregate Poverty indices as measured by UNDP Human Development Index Economic growth as annual percentage growth of GDP	- Human Development Index (2016) 0.497 - 5.6% growth per year (World Economic Outlook, April 2014) -	Lesotho's poverty indices shown upward trend from 2015 Economic growth measured as annual percentage growth in GDP shows upward trend from 2014	Human Development Report Bureau of Statistics Surveys Government Fiscal Reports World Economic Outlook	The overriding assumption is that the Government of Lesotho will be able to maintain the policy agenda set out by the NSDP. Since the objectives of EU cooperation are based on the NSDP, they can only be achieved if the agenda remains in place.
Specific Objective - Outcome	Implementation of National Strategic Development Plan strategies for the water, energy and governance sectors.	- % Urban and Rural populations with access to reliable and safe water supply - % Rural population with access to improved sanitation facilities - LS Governance ranking	- Urban population with access to reliable, safe water supply = 72% (2011/12) - Rural population with access to reliable, safe water supply = 29% (2011/12)	- Urban population with access to reliable, safe water supply = 100% - Rural population with access to reliable, safe water supply = to be determined following completion of Master Plan. This will be dependent on sources of supply and settlement patterns	Annual Reports of Ministry of Water, Energy and Meteorology	idem

	Intervention Logic	Indicators	Baseline	Targets	Source of verification	Assumptions and Risks
Outputs	Identification, formulation, and implementation of actions under the 11th EDF NIP	N° of Financing Agreements signed and implemented	Zero commitment of 11 th EDF Resources at 2014	100% commitment of 11 th EDF financial allocation by end 2019	Joint Annual Reports of the NAO and the European Union Delegation in Lesotho	The projects and/or programmes identified for 11 th EDF support are technically, financially and economically viable.
	Formulation of country strategy and indicative programme for post Cotonou EU-Lesotho cooperation	Post-Cotonou cooperation agreement concluded		Draft documents available for discussion by mid-2020		A post-Cotonou agreement is concluded between the EU and the ACP States