

**SIGNATURE PAGE**

Country: LESOTHO

UNDAF Achieving the MDGs and Reducing Human Poverty  
 Outcome(s)/Indicator(s): \_\_\_\_\_  
 Expected Programme Outcome(s)/Indicator (s): \_\_\_\_\_  
 Expected Output(s)/Annual target(s): \_\_\_\_\_

**Output 1:** Advice on Policies, strategies, and programmes for implementation.  
**Indicators:** a) Number of interventions that contributed to policy, programme and system development, b) Number of institutions that participated or received technical support  
**Output 2:** Support to Strategic frameworks  
**Indicators:** a) Policy and development frameworks prepared for effective implementation  
**Output 3:** Partnership development and Resource Mobilisation  
**Indicators:** a) Partnership development and Resource Mobilisation Action Plan  
**Output 4:** Strategic programme reviews and evaluations  
**Indicators:** a) Enhanced capacity for programme design and management, b) Feasibility studies utilised to inform policies, strategies and programming, c) Increase in programmes designed to implement government development strategy and improve delivery  
**Output 5:** Strengthening of systems and structures for programme management and organisational development  
**Indicators:** a) Appropriate systems and structures in place for organisational effectiveness in government, and within UNDP as cooperating partner

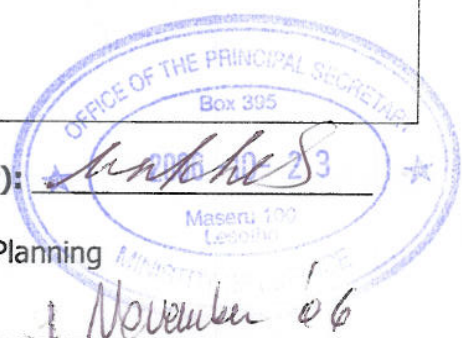
Implementing partner: Ministry of Finance and Development Planning, UNDP  
 Responsible Parties: Ministry of Finance and Development Planning, UNDP

Programme Period: **2006 – 2007**  
 Programme Component: **More transparent, participatory and accountable Government, delivering efficient public services at all levels.**  
 Project Title: **Programme Technical Assistance Facility**  
 Project Duration: **July 2006 – December 2007**  
 Management Arrangement: **NEX/DEX**

Budget: \$ 200 000  
 Total budget: \$ 200 000  
 Allocated resources: \_\_\_\_\_  
 • Government \_\_\_\_\_  
 • Regular \_\_\_\_\_  
 • In kind contributions \_\_\_\_\_

MOSITO NICHOLAS KHETHISA

**Agreed by (Government and Implementing Partner):** *Mosito Nicholas Khethisa*  
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 Principal Secretary, Ministry of Finance and Development Planning



**Agreed by (UNDP):** *Hodan A. Haji-Mohamud*  
 Ms. Hodan A. Haji-Mohamud  
 Resident Representative, United Nations Development Programme

Government of Lesotho

United Nations Development Programme (UNDP)

**Project Title: Programme Technical Assistance Facility  
(PTAF)**

Implementing Agency: Ministry of Finance and Development Planning

Estimated Start Date: July 2006

Estimated End Date: December 2007

**Brief description:**

The objective of this project is to enable the government to have access to technical advisory services, knowledge, expertise, experience and information to support policy development, programmes, strategies, design and implementation of policy instruments which fall within the areas of cooperation between UNDP and the Government of Lesotho as defined in the Country Programme Document (CPD) and/or which support the fulfilment of Lesotho's commitments to UN-sponsored global agreements, in particular the Millennium Development Goals (MDGs).



## **1 Background**

### **1.1 Situational analysis**

The Kingdom of Lesotho faces a multiple crisis caused by the nexus of the HIV/AIDS pandemic, deep-rooted poverty and chronic food insecurity that is undermining past gains in socio-economic and human development. This triple threat is causing a new kind of vulnerability which affects almost every household in the country. It is estimated that by 2015, Lesotho's Gross Domestic Product will be reduced by almost a third as a result of the loss of human capital from HIV/AIDS if strong measures to arrest the spread are not put in place.

According to the Common Country Assessment (2003 Report), the proportion of the population falling below the poverty line has remained around 60% (58.8% in 1987) between 1987 and 1995. When half of the poverty line is considered as characterising the welfare level of the 'ultra poor', about 40 percent of the population falls into this category (38.6 percent in 1995).

Lesotho has experienced a decline in the Human Development Index (HDI) particularly in the area of education, health and life expectancy, and was placed at number 127 out of 174 countries in 2000. The HDI rank dropped to 137 in 2003, suggesting declining performance in human development. When the impact of HIV/AIDS is taken into account, it is expected that the HDI for Lesotho will decline even further. HIV/AIDS has drastically reduced household incomes for much of the population due to decreased productivity of household members who fall ill.

Lesotho is a small open and market oriented economy, with potential to exploit the benefits of its proximity to the Republic of South Africa. For decades, a large proportion of the country's labour force was employed in South Africa, mainly as migrant mineworkers. In fact, until recently, more than 40 percent of Lesotho's gross national product (GNP) was in the form of repatriated earnings from these migrant workers. Other sources of the country's economic fortunes include the virtual economic boom during the late 1980s spawned by the construction activities related to the Lesotho Highlands Water Project (LHWP); the surge in export manufactures due to the preferential garment sector access to the U.S. market under the Africa Growth and Opportunity Act (AGOA); and the receipts accruing to Lesotho under the Southern African Customs Union (SACU) revenue-sharing arrangement.

Since the late nineties, several factors have conspired to change the favourable external environment so conducive to the country's socio-economic progress. The number of migrant workers has been cut in half as a result of the closure of some of the South African mines, with serious adverse implications not only for the families of these retrenched workers, but also for the national economy as a whole. In addition, the construction activities

associated with the LHWP have also ended, while the virtual boom associated with the rapid expansion in the garment sector (generating cumulative employment of nearly 50,000 over the last decade) has tapped off. These reversals have led to dwindling domestic job opportunities in the face of increasing returning retrenched migrant miners and a growing number of new labour force entrants (by some estimates, unemployment is as high as 40 percent). The result is a growing chronic poverty (nearly 60 percent of the population is estimated to be below the poverty line).

Most of the GDP emanates from agriculture, construction and manufacturing, averaging 18 percent, 19 percent and 17 percent of the total GDP respectively. Agriculture constitutes the main activity for well over 80 percent of the population but only contributes 18 percent of GDP, underpinning the fact that it is predominantly subsistence, with most farmers cultivating less than half a hectare of land. This is corroborated by the fact that only between 7 percent and 10 percent of the total land area of the country is arable. The situation is worsened by harsh weather conditions resulting in crop failures thus creating conditions of food insecurity.

## **1.2 Development Strategy**

### **a) National Strategy**

The country's development strategy is informed by Vision 2020 which is a long-term perspective within which national short to medium-term plans could be formulated. Emanating from a policy decision taken in 2000, the specific objectives of the Lesotho Vision 2020 are: establish a long-term vision for Lesotho by looking beyond the short-term plans and adjustments; explore the options for economic, political and human development to the year 2020; identify alternative development strategies suitable for the Lesotho situation; promote a process of open dialogue and consultation with socio-economic groups country wide; create an environment whereby Basotho will actively participate in achieving the Vision 2020; and, develop a focus along the horizon in the direction of which development plans could be rolled out.

The Vision statement reads: *By the year 2020 Lesotho shall be a stable democracy, a united and prosperous nation at peace with itself and its neighbours. It shall have a healthy and well developed human resource base. Its economy will be strong; its environment well managed and its technology well established.*

It has been recognised that good governance, media freedom and gender sensitivity should characterise Lesotho as a stable democracy. Development management capacity is another aspect of governance. For this, Lesotho has embarked on the Public Sector Improvement and Reform Programme (PSIRP). Local governance and popular participation contributes towards good governance. To this end the country is working towards decentralisation by



implementing the Local Government Act of 1997. The challenge is to empower the local government authorities, and to improve chieftainship as a strategy to complement local governance at the grassroots level.

Linked to the triple threat is the Government's efforts to address good health, the HIV/AIDS pandemic and education as aspects indicative of a commitment towards attainment of a healthy and well developed human resource base by 2020. The Government of Lesotho recognises that HIV/AIDS is not only a health problem but a multi-sectoral development issue that has social and cultural implications. Combating further spread of HIV/AIDS therefore continues to be one of the biggest challenges that face the country.

Lesotho has the potential to be a strong and prosperous nation in macroeconomic performance terms. The past transformation of the economy to the one dominated by manufacturing has improved livelihoods options in the urban sector but undermined the capacity of the rural agricultural sector as a source of livelihood, employment and income. The government has realised the necessity to take measures to restore the sources of livelihoods for the rural population in order to address, amongst others, the issue of food security. Environmental management is critical for sustainable crop production. The issue of employment creation is at the centre of economic prosperity. Attention will now be paid to technology advancement and the SMME sector.

#### b) Strategy for UNDP Intervention

UNDP through its comparative advantage of being a neutral and international networked organisation has used its knowledge network and development experience to support the development of the national Poverty Reduction Strategy as well as the Lesotho Vision 2020. An important strength of UNDP has always been that its programmes are country-determined and rooted in the local context, albeit within the corporate mandate and focus determined by the Executive Board. UNDP remains committed to this principle, without which the relevance, country ownership and sustainability of the programme would be seriously compromised.

In this regard, UNDP's through its country programme document (CPD) aims to ensure an integrated response to the complex and rapidly worsening development challenges facing Lesotho. The programme seeks to further this goal by supporting Government's efforts to (a) scale up the national response to HIV/AIDS; (b) reduce poverty; (c) reverse environmental degradation; and (d) deepen democratic governance.

Lessons from previous development cooperation have revealed that UNDP supported projects experienced lengthy and inefficient delivery, thereby undermining the upstream orientation of UNDP's technical cooperation. This reflects not only implementation limitations within the public service but also backstopping lapses within UNDP. Therefore, the significance of addressing



the key issue of capacity building in project design and programme development, within the public service and UNDP can never be overemphasised. This is more crucial bearing in mind that UNDP's comparative advantage cannot be evaluated only in terms of funds expended, but additionally in terms of the quality of advice and support towards the consolidation of democracy and moving the country's development agenda forward.

## **2. Facility Priority Areas of Intervention**

The national development strategy (Grand Strategy) of Lesotho Vision 2020 deals with political commitment and sustained support for the development vision. Sustaining high levels of local and foreign direct investments and strengthening business linkages is considered imperative. The grand strategy deals comprehensively with development management, which is one of the key challenges that the country faces. While there has been a reduction in overseas development assistance (ODA), disbursement of donor funds through the capital budget hovers around 50-60%, indicating persistent problems in implementation of donor funded projects. Development management, therefore, should be the core area of focus for this facility if Lesotho is to attain Vision 2020 objectives and meet the MDG targets.

The upstream advisory services supported through this facility must be consistent with the areas of cooperation agreed upon between the Government of Lesotho and UNDP as elaborated in the CPD, CPAP and UNDAF. However, requests for technical assistance in areas different from those outlined in cooperative agreements should be considered based on the rapid changing development and emerging needs of government.

### **2.1 Immediate Objective**

The Programme Technical Assistance Facility (PTAF) aims to provide technical advisory services to enhance development management capacity in general through effective and efficient delivery, sound programme design and implementation inclusive of appropriate policy instruments.

Actions to be supported are likely to include: (i) recruitment of short-term technical assistance (local and international) for activities typically including feasibility studies, inputs to terms of reference and assignment specifications; (ii) management audits, monitoring, outcome/thematic/programme/project evaluations; (iii) project design, project preparatory start-up actions; and (iv) policy/strategy development and implementation.

The PTAF provides UNDP with an opportunity to exercise its comparative advantage through its work on capacity development, policy advise, advocacy and knowledge management. This should be viewed as an integral part of promoting the overall objective of UNDP to provide high level quality policy

advisory services and forge partnerships around a national agenda for poverty reduction and sustainable human development in Lesotho.

## 2.2 Expected Outputs

Since the PTAF will provide national and international short-term and medium-term expertise to target government ministries, departments and development agencies for strategic interventions in the broad areas of policy, programme, structures and systems; expected outputs can be listed as follows:

- Policy advice and implementation
- Support to strategic frameworks
- Partnership development and Resource Mobilisation
- Strategic programme reviews and evaluations
- Strengthening of systems and structures

Indicators of success for the PTAF interventions will be developed on a case-by-case basis based on the nature of the assignment and the specific terms of reference for each intervention. It is envisaged that most assignments will focus on capacity building initiatives within government (national and local government) and on policy, policy instruments and strategic interventions within the economic generating sectors designed to promote and sustain manufacturing, agricultural production, SMMEs and growth with employment.



#### 4. Project Results Framework

<p><b>Intended Outcome as stated in the Country Results Framework (MYFF):</b> Achieving the MDGs and Reducing Human Poverty</p> <p><b>Project Specific Outcome:</b> Improved understanding of human development issues, appropriate policies, enhanced capacity for delivery</p> <p><b>Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target:</b> More transparent, participatory and accountable Government, delivering efficient public services at all levels.</p>			
<p><b>Partnership Strategy:</b></p>			
<p><b>Project title and number:</b></p>			
<p><b>Immediate Objective</b></p> <p>Provision of technical advisory services to enhance development management capacity in general through effective and efficient delivery, sound programme design and implementation inclusive of appropriate policy instruments in areas defined in the Country Programme Document (CPD) and/or which support the fulfilment of Lesotho's commitments to UN-sponsored global agreements, in particular the Millennium Development Goals (MDGs).</p>	<p><b>Intended Outputs</b></p> <p>1. Advice on Policies, strategies, and programmes for implementation.</p>	<p><b>Activities</b></p> <p>1.1 consultations with relevant stakeholders</p> <p>1.2. policy and programme development</p> <p>1.3. analysis and interpretation of policies</p> <p>1.4. integration of policies by government ministries and local authorities into their specific activities</p>	<p><b>Indicators</b></p> <ul style="list-style-type: none"> <li>▪ Number of interventions that contributed to policy, programme and system development</li> <li>▪ Timely access to expertise</li> <li>▪ Number of institutions that participated or received technical support</li> <li>▪ Quality of technical input, documents, reports, analysis, etc.</li> <li>▪ Quality of interventions vis-à-vis terms of reference</li> </ul>



	<p>2. Support to Strategic frameworks</p> <p>3. Partnership development and Resource Mobilisation</p> <p>4. Strategic programme reviews and evaluations</p>	<p>2.1. review existing framework documents</p> <p>2.2. develop framework documents</p> <p>3.1. capacity building through workshops and training of UNDP staff and those from relevant institutions and partners</p> <p>3.2. institutionalise knowledge networking and management</p> <p>4.1. undertake feasibility studies and needs analysis</p> <p>4.2. programme design and development</p>	<ul style="list-style-type: none"> <li>▪ Policy and development frameworks prepared and enhanced for effective implementation</li> <li>▪ Number of workshops to specifically promote mutual knowledge of activities being undertaken</li> <li>▪ Number of knowledge management initiatives in government</li> <li>▪ Enhanced capacity for programme design and management</li> <li>▪ Reports of feasibility studies utilised to inform policies, strategies and programming</li> <li>▪ Increase in programmes designed to implement government development strategy and improve delivery</li> </ul>
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	<p>5. Strengthening of systems and structures for programme management and organisational development</p>	<p>5.1. design effective institutional programme management information systems and structures for effective implementation of government's development programmes</p> <p>5.2. strategic programme reviews and evaluations</p>	<ul style="list-style-type: none"> <li>▪ Appropriate structures and systems in place for organisational effectiveness in government and within UNDP as cooperating partner</li> </ul>
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## **5. Programme Facility Management Framework**

### **5.1. Management Arrangements and execution modality**

The project implementation modality will be a mix between National Execution (NEX) and Direct Execution (DEX).

The Ministry of Finance and Development Planning (MFDP) will be responsible for the NEX component, and UNDP will be responsible for the DEX component. UNDP should ensure that the Ministry has capacity for sound financial and project management to carry out the NEX component. The NEX component will support MFDP with the Aid Coordination Unit, Public Finances Reform Programme and the Fiscal Decentralization Process. The DEX component will, on the other hand, coordinate with all the Ministries to support general development activities as stated in the Expected Outputs section.

The project will have two Focal Points, each one of them responsible for each of the partners' contribution. It is recommended that such representation be at the level of a Deputy Resident Representative (Programme) and Principal Secretary. However, Focal Points may delegate daily tasks regarding the project.

Other institutions, such as other Government agencies and departments, CSOs and international agencies will be invited to express their views to the Focal Points, to ensure coordination among initiatives to be addressed by the facility.

## **6. Monitoring, Evaluation and Reporting**

An annual project report (APR) will be compiled by both Focal Points assessing the relevance and extent of the project's contribution towards responding to the country's priorities, impact and progress towards achievement of desired outcomes. The project will be subjected to annual Reviews by the Focal Points, the first being 12 months after the start of full implementation.

A project terminal report will be prepared for consideration at the terminal tripartite review meeting. It shall be prepared in draft sufficiently in advance to allow review and technical clearance by the executing/implementing agency, at least two months prior to the terminal tripartite review.

In addition, an evaluation will be conducted at the end of the project implementation period. The outcome of the evaluation will be used to determine the future of the programme facility. UNDP and the executing agency will decide on the terms of reference and timing of the evaluation

missions. Lessons learned will be documented and shared through the UNDP's global knowledge networks.

## **7. Risks**

The main risk associated with a programme facility of this nature is sometimes the difficulty in determining the strategic value or importance of any particular proposal, which may lead to a situation where the UNDP sponsored interventions are widely dispersed and lose potential for a focused impact as a result. To mitigate this possibility, UNDP will put in place necessary checks in terms of independent technical appraisals for requests and cut decision guidelines for PACs.

Some of the risks that could hinder the attainment of the objectives of this project are:

- The inaccessibility of the facility by all institutions concerned
- The untimely/delayed provision of assistance
- Interventions not leading to substantive outputs
- Unfocused deployment of project funds

UNDP will ensure the openness to all respective institutions. This can be achieved by relying on UNDP programme managers for information sharing in specific sectors.

UNDP will make sure that different mechanisms for accessing technical expertise are agreed upon and understood by all parties to avoid delays and waste of resources. It is recommended that for each intervention undertaken that the institution requesting technical assistance carefully plan and fully support the inputs provided by this facility to ensure effective and efficient use of resources.

## **8. Legal context**

The legal context for UNDP supported programmes and projects in the Kingdom of Lesotho are set out in the Standard Basic Agreement entered into by the two parties on 31 December 1974. This project document shall be the instrument referred to as a Plan of Operation envisaged in Article 1, paragraph 2 of the Standard Basic Agreement. In accordance with the provisions of that agreement, the following types of revisions may be made to the project with the signature of the UNDP Resident Representative only, provided he/she is assured that the other signatories of the project have no objection to the proposed changes:

- a) Revisions, or additions to, any of the annexes.



- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but which are caused by rearrangement of the inputs already agreed or by cost increases due to inflation

## 9. Budget Inputs

The project will provide inputs in the form of technical assistance. As reflected in the table below, resources for international and national experts will be available to the target institutions. A detailed activity budget based on ATLAS is attached.

<b>Description</b>	<b>Amount US\$</b>
International Experts	60,000
National Experts	30,000
Subcontracts	20,000
Seminars and Workshops	40,000
In-Service Training	20,000
Mission Costs	20,000
Monitoring and Evaluation	10,000
Miscellaneous	10,000
Implementation Support Services	To be charged on a transaction basis
<b>Total</b>	<b>200,000</b>

Where applicable, the supported institutions will be expected to make in-kind contributions through the provision of office space for experts, materials and any other relevant overhead costs associated with a particular assignment.

The Ministry of Finance and Development Planning may explore the possibility of cost-sharing contributions to the Programme Technical Assistance Facility (PTAF) in consultation with UNDP.

UNDP, as per its cost-recovery policy, will apply Implementation Support Services (ISS) charges on the project activities carried out.