Kingdom of Lesotho

United Nations Development Programme
Project Document

Project Title	Enhancing Service Delivery
UNDAF Outcome(s):	UNDAF Outcome #4: Governance institutions strengthened, ensuring gender equality, public service delivery and human rights for all by 2012
Expected CP Outcome(s):	Demand-driven and decentralised public service delivery based on claim-holder aspirations and participation strengthened.
Expected Output(s):	Strengthened capacity of selected government institutions and other public service providers to support delivery of public services.
Implementing Partner:	
Responsible Parties:	

Brief Description

Building on previous collaborative work of the Government of Lesotho and UNDP in the area of capacity development for enhanced service delivery, this project is designed to support the Government of Lesotho in implementing these previous efforts and to support the establishment of a sustainable national capacity to continue its programme of enhancing service delivery through business process re-engineering (BPR) and implementing a Performance-Based-Pay policy.

Specifically, the project will support the Government of Lesotho to: 1) drive existing BPR initiatives to fruition, 2) conduct BPR for select high priority processes, 3) based on this experience, build internal capacity in a sustainable manner (e.g. develop approach, tools and resources) 4) define linkages with a leadership development strategy and ultimately 5) facilitate the Performance-Based-Pay policy

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Programme Period:	2008 - 2012	2009 AWP budget:	$ 168,365
Key Result Area (Strategic Plan): Strengthening accountable and responsive governing institutions		Total resources required	$ 448,974 (est)
		Total allocated resources:	
Atlas Award ID:	TBD	• Regular	_____
		• Other:	
Start date:	1 April 2009	○ Donor	_____
End Date	31 March 2011	○ Donor	_____
		○ Donor	_____
PAC Meeting Date	_____	○ Government	_____
		Unfunded budget:	$ 449,974 (est)
Management Arrangements	National	In-kind Contributions	

Agreed by Ministry of the Public Service: _____

Agreed by UNDP: _____

Agreed by Ministry of Finance and Development Planning: _____
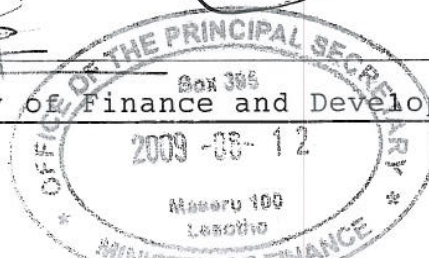
I. SITUATION ANALYSIS

The overarching goal of Socio-economic development in Lesotho is to effectively and efficiently provide Public Services which are responsive to the needs of Basotho and to improve service delivery. During the five year term of Parliament of Lesotho, the Ministry of the Public Service will be charged with the responsibility of improving Public Service Management through the following main priorities:

- Motivation and rising of morale among the public officers
- Instilling discipline and professionalism within the public service
- Improvement of performance and service delivery within the Public Service
- Training and development of public servants

In order to achieve the above, the ministry's strategy has been the implementation of a Performance Management System that promotes results oriented performance. In 2007 a project on Service Delivery Process Reengineering ran for three months from September to November through the assistance of UNDP Southern Africa Capacity Initiative (SACI). Three Process Reengineering teams, consisting of Public Officers from different ministries, were established to improve services on terminal benefits, processing of passports and Queen Elizabeth II hospital health services.

Using industry standard tools and approaches, the as-is processes have been mapped and analysed after which improved to-be processes have been designed in a collective manner. The potential performance increase of these new processes is significant and, when implemented, this will boost service delivery in these areas. As such, Business Process Re-engineering has been confirmed as a very effective tool to enhance service delivery for the public sector in Lesotho.

In February 2008 the government of Lesotho embarked on the arrangements for the introduction and implementation of Performance Based Pay, effective from 1st April 2008, intended to improve performance and consequently enhance service delivery. To facilitate this, the UNDP Advisor and the government's Process Reengineering teams were engaged in identifying all services produced by the entire public service (18 Ministries and 5 Government Agencies) and the defining of service delivery standards for each service, on the basis of which the mapping and re-engineering of appropriate services is to continue.

Encouraged by the results achieved to date, as well as lack of internal ability to lead the required process, the Ministry of the Public Service has requested for a long term support to assist in the effective improvement of service delivery. This support will contribute to the achievement of UNDAF Outcome #3: *Governance institutions strengthened, ensuring gender equality, public service delivery and human rights for all by 2012* and the underlying UNDP Country Programme outcome *Demand-driven and decentralised public service delivery based on claim-holder aspirations and participation strengthened.*

Providing support to improving Public Service Management would build on the significant work that has already been done through both the SACI initiative and follow-up support from UNDP Lesotho. The modalities of support for these interventions have been through policy advice, technical assistance; project support and direct project implementation.

II. STRATEGY

As mentioned, the initial results of the BPR efforts indicate a very significant potential for enhancing service delivery. However, to reap the full-benefits of this improvement potential, the main challenge that the Government of Lesotho is now facing, is the implementation of these processes. Business Process Re-engineering is a tool that, however effective, cannot be seen in isolation of a broader change management approach to support its implementation. In Lesotho these efforts need to be seen in light of the broader reform programme that the Government of Lesotho is championing, the Public Sector Improvement and Reform Programme PSIRP. This programme has three core elements, improved public financial management, decentralisation and improving public service management.

Institutional reform, change management and incentive systems
BPR needs to be anchored in a clear **vision** that drives the effort and ensures that the different stakeholders are informed, involved and committed to enhancing service delivery. It is therefore also critical that the entire process is accompanied by a clearly formulated and well implemented **communication strategy**. BPR needs to be linked to how the **organisation will be structured differently** – in terms of translating the process decisions into the design of the different **teams and functions** for which these teams are accountable / responsible. This in turn helps to define the **required resources** in each team: 1) human resources – skills, competencies, clear job descriptions; and 2) financial resources. Lastly, it is important to

develop clear and concise **implementation guidelines** that will support the organisation to implement the desires changes following due process including training opportunities, monitoring and evaluation plans etc. The image below captures a typical comprehensive change management cycle.
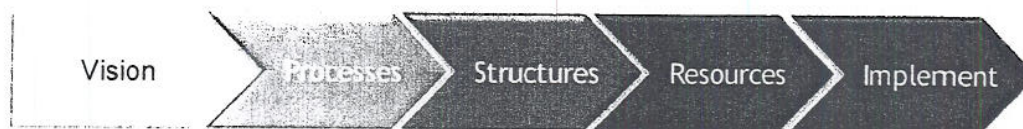
Current efforts have focused on the two first phases of this cycle and it will be important to review the remaining phases so as to facilitate the implementation of these efforts. In this special attention needs to be paid to how the Performance Based Pay (PBP) policy feeds into this cycle and how vice-versa change management will feed into the PBP policy. In essence, the change management cycle is a facilitator for the PBP policy and can be seen as a necessary but not sufficient step in its implementation. The following is a synopsis of how each step in the change management process is linked to Performance Based Pay:

- **Vision** drives performance through standard setting (i.e. the Public Service Standards defined for key services in the 18 Ministries and 5 Agencies)
- Streamlined **processes** facilitate high performance (e.g. the three re-engineered processes)
- Organisational **structure** provides enabling environment (i.e. setting up the different teams, their key roles, performance expectations, collaborative mechanisms etc)
- **Resources** links performance setting to expectations for individuals (i.e. decisions on needed staffing requirements, individual Job Descriptions etc)
- **Resources** also defines the financial implications (i.e. staffing requirements and implications from the pay for performance scheme)
- Ensure that the desired changes are **implemented** (i.e. training plans, due process guidelines etc)

Pay reform poses many challenges and several studies argue that an iterative process, applied with considerable flexibility and pragmatism, with particular attention to sequencing, is more likely to bear positive results. The above depicted change management process provides space for this flexibility and if applied appropriately can be sequenced and used in an iterative manner.

Furthermore, evidence points to a range of demotivating factors and non-material incentives that can have a significant impact on staff motivation and organisational performance. Often outstanding performance has arisen in contexts where it might be least expected and where pay has not been the critical determinant. Job content and career development have been found to be the strongest incentives for public employees. Attention should be given to understanding the non-material incentives that can drive performance. It is equally important to remove those incentives that can undermine performance. The identification of appropriate incentives lies at the heart of any change process and is fundamental to the concept of ownership. Unless key stakeholders are motivated to embrace change, and unless appropriate incentives can be brought to bear on the rank and file, efforts to reform or change organisations are unlikely to succeed.

Leadership development
The typical change management process above has been defined as necessary but not sufficient to support the implementation of the ambitious agenda of the Government of Lesotho in relation to enhancing service delivery. It will need to be accompanied by capacity at the leadership level (including middle management) to actively manage the process and ensuing performance management systems in order to drive the required cultural shift and ultimately enhance service delivery performance.

The capacity of an organisation is a function of the motivational abilities of its leadership as it is of external conditions such as pay scales in public service or investment climate. As such it is important to develop a strategy for leadership development. The ultimate objectives of this leadership development include more increased efficiency and value-added for organisations, programmes and projects at all levels. This vision of leadership focuses attention on the relationship of individuals to the group, emphasising the development of the collectivity.

Leadership's relationship to capacity development can be examined on three different levels: individual, organisational and societal.

At the **individual level**, one usually focuses on developing a range of abilities (interpersonal, communication, negotiation and analytical skills, for example) and core values. At the **organisational level**,

the focus is on coaching for institutional reform and change through improved approaches to doing business. At the **societal level**, the emphasis is on bringing together the governing body and the community in an effort to change norms and processes in a way that furthers the common good. While this last level offers perhaps the most potential for sustainable, broad-based change, it is often the most difficult to reach and measure. The focus of the to-be designed leadership development strategy for the Government of Lesotho will be on the individual and the organisational level.

This concept of leadership development confronts a variety of challenges depending upon the local environment, the culture and the stage of development found within the group and the society. Consequently, leadership programmes must be customised in accordance with histories, cultures and levels of organisational development to meet the particular capacity development requirements of a given situation since different leadership qualities will be necessary for different circumstances.

Despite the fact that the emphasis of the project will be on individual and organisational level, it is important to note the role of the society in holding Government accountable for delivering public services efficiently and effectively. As part of a human rights based approach, it is important to bring these two levels together which implies building the capacities of state institutions to enable them to be active agents in society, and allow them to become true duty-bearers based on universal human rights values (the major focus of this project) and enabling the rights-owners to become partners in development by strengthen the capabilities of citizens to hold government accountable (achieved through a comprehensive communications strategy in this project).

Ownership

As with any change management process, ownership is essential as strong and visible ownership will ensure that the agreed changes will be implemented while a lack of ownership will derail the entire process. As such, it is important that the different Business Process Re-engineering initiatives, which are in essence change management initiatives, have clear ownership. The project will ensure this by the following measures:

- Involvement of stakeholders throughout the process including top level of the Ministries requesting support from the project team

- Client driven nature of initiatives in the sense that only on request of the client, the team will be deployed in starting a BPR process

- Clear contracting of the process with the client (i.e. setting expectations at the outset of the engagement and managing and monitoring these expectations throughout)

- Ensuring that initiatives are linked to national priorities such as PSIRP which themselves benefit from high level Government leadership

- Strategic communication of results of BPR initiatives which will attract the interest of other clients

- Implementation frameworks developed as part of the engagement ensure commitment and follow-up of all parties involved

- Option to have key BPR initiatives reported to cabinet (e.g. terminal benefits) which ensures visibility and follow-up

Project Strategy

The project strategy is fourfold ultimately supporting the Government of Lesotho in achieving its objectives in enhancing service delivery and the implementation of the Performance-Based-Pay policy.

1) **Drive existing BPR initiatives to fruition**

    The three BPR initiatives are in an advanced stage; however do require additional efforts (e.g. training) to fully be implemented. The current project will support these three initiatives by reviewing outstanding measures to be taken, subsequently developing an appropriate implementation strategy and collaborating with the different (national) partners to mobilise required resources for implementation. In essence the implementation strategy will determine the steps required in the remaining phases of the change management process. The expected timeline for this will be Q2-Q4 2009.

    As part of these activities and in support of the resource mobilisation strategy (see below) a communication package with key results will be developed.

2) **Conduct BPR for select high priority processes**

    In addition to the three current BPR initiatives, it is envisioned to conduct the entire change management process for one or two high priority processes which will serve a dual purpose 1)

enhance service delivery in several critical areas and 2) serve as case-studies for the development of the overall change management approach and tools as well as capacity development for the internal team that will be responsible for supporting these efforts in the future. The expected timeline for this will be Q4 2009 - Q3 2010.

3) **Develop internal capacity**
Based on – and in parallel with – the previous two phases, the project will help build internal capacity within the Government of Lesotho to support the enhancement of service delivery moving forward. This will be done through the establishment of a permanent Service Delivery Transformation and Problem Solving unit within MPS, and by strengthening the Management Services Department within MPS. This department needs to have the necessary capacity to assess the actual staffing requirements in all Ministries (incl. current staff utilisation), review, reorganise and restructure Government Ministries and Agencies; review operational systems and procedures and develop service improvement programmes. This includes a review of earlier initiatives related to organisational design and business process re-engineering in e.g. MoFDP and the Lesotho Revenue Authority (LRA).

One of the essential elements will be the development of the approach and tools that will be at the team's disposal when supporting clients. Not only will this help in applying a consistent and professional approach, it will also facilitate communication of expectations to clients and other stakeholders. As such it is envisioned that a commonly accessible change management guide will be developed in addition to a more detailed facilitator's handbook. Team members will be engaged at the early stages to co-develop the guide and handbook and to actively apply the approach and tools in supporting clients in the initiatives mentioned under 1 and 2. Team members will be supported by external change management expertise during the start-up phase (i.e. Q2 2009 – Q1 2011). Based on experiences in other similar initiatives in both public and private sector, it is evident that the project will benefit from specific advice in the Human Resource area. The translation of the desired changes into human capital adjustments including guidance on due process is one of the key challenges in any change process.

4) **Define linkages with leadership development strategy**
While the current project will not be responsible for the design and implementation of the before-mentioned Leadership Development Strategy, it will be important to closely link this strategy with the change management process to ensure that a symbiotic relation exists between the two and that both are geared towards facilitating the overall programme to enhance service delivery. It is therefore envisioned that expertise from the change management track will be leveraged as a sounding board for the Leadership Development Strategy and that the strategy will be integrated into the overall change management process to accompany its implementation. As the design of the leadership development strategy is not directly part of this project, a timeline cannot be determined unilaterally but ideally these activities (design and initial implementation) start as soon as some internal capacity has been developed i.e. Q4 2008 – Q1 2011.

5) **Communications Strategy**
Communications is part of any well-run change management initiative, however in this particular case, emphasis is on communication to and from the citizens to ensure that business process re-engineering initiatives are focused on the priority areas identified by the public, that the public is aware of the defined performance criteria and that the public has an channel through which they can communicate (dis)satisfaction with the performance as such holding the Government accountable for efficient delivery of public service.

As before-mentioned these five prongs will all support implementation of the Performance Based Pay and elements from the Performance Based Pay policy will also need to feed into the four prongs. A simplified schematic overview below depicts how these linkages can be defined.

Resource Mobilisation Strategy
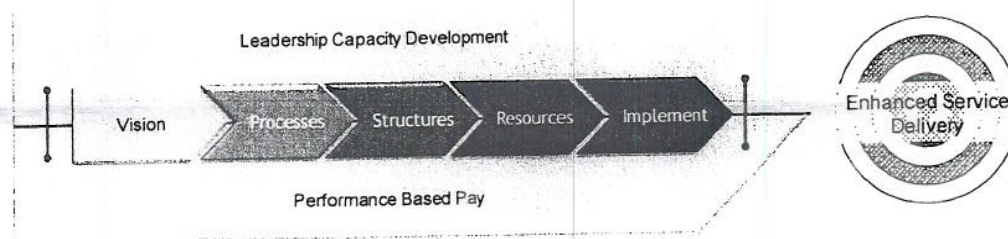
Based on the foreseen activities – and as per the financing arrangements defined below - it is expected that UNDP will fund the core project activities with cost-sharing from the Government of Lesotho for some of the implementation arrangements resulting from the programme. The main deliverable of each BPR engagement with a client Ministry or Government Agency is an Implementation Framework that will guide the client in implementing the desired changes. The Implementation Framework contains the key activities, a corresponding work plan and funding requirements for the client to complete the transition with support from the team in the MPS.

Funding for activities in these different Implementation Frameworks needs to be negotiated between the client, the Ministry of the Public Service, and / or UNDP and other partners on a case-by-case basis. The project does include an activity to leverage the results of the existing BPR initiatives to attract start-up resources. If donor interest exists, one could imagine a "basket" implementation fund that could be allocated to the different Implementation Frameworks based on certain priorities.

I. WORK PLAN

EXPECTED OUTPUTS And baseline, associated indicators and annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME 2009	TIMEFRAME 2010	TIMEFRAME 2011	RESPONSIBLE PARTY	PLANNED BUDGET Funding Source	PLANNED BUDGET Budget Description	PLANNED BUDGET Amount
Output 1 Strengthened capacity of selected government institutions and other public service providers to support delivery of public services. *Baseline:* Low efficiency in public sector Limited internal capacity No comprehensive approach to change management developed	1. Implementation of existing BPR efforts - Develop implementation framework - Agreement on funding - Implement framework - Communication package	Q2-4			Ministry of the Public Service, UNDP in collaboration with Ministry of Home Affairs, Ministry of Finance, and Queen Elizabeth 2 Hospital	UNDP/MPS Agreed as part of implementation framework	15% ALD4 Communication Training Equipment and furniture …	$ 32,117 $ 2,500 TBD
Indicators: Number of BPR efforts designed and implemented Ability of clients to comply with agreed service standards Number of internal facilitators to support client ministries Tools and change management approach	2. Conduct BPR for 1-2 high priority processes - Identify high priority processes - Conduct analysis - Develop implementation framework - Agreement on funding - Implement framework	Q4	Q1-3		Ministry of the Public Service, UNDP in collaboration with client Ministries	UNDP/MPS Agreed as part of implementation framework	25% ALD4 50% S7 Research Misc Training Equipment and furniture …	$ 53,529 $ 28,209 $ 5,000 TBD
Targets: 4 BPR efforts fully implemented including compliance with standards 10 internal advisors within MPS capacitated to provide professional advice (in addition to Process Management facilitators) Tools for each phase of the change process developed and facilitators guidebook finalised *Related CP outcome:* Demand-driven and decentralised public service delivery based on claim-holder aspirations and	3. Develop internal capacity - Define team requirements (mandate, positioning, HR requirements, funding, client management processes etc) - Recruit/deploy internal facilitators - Develop approach / tools - Quality Assurance - Implement communication strategy - Deploy support	Q2-4	Q1-4	Q1	Ministry of the Public Service, UNDP	UNDP/MPS	35% ALD4 50% S7 Research S5 Admin assit Project ICT equip Guide Handbook HR consultancy Training Misc	$ 74,941 $ 28,209 $ 39,940 $ 6,000 $ 50,000 $ 15,000 $ 25,000 $ 5,000 $ 5,000

participation strengthened.

Activity				Responsible party		Budget notes	Amount
4. Define linkages with leadership development strategy (LDS) - Sounding board of LDS - Integrate LDS components into change management process	Q4	Q1-4	Q1	Ministry of the Public Service, UNDP	UNDP/MPS	15% ALD4 Update guides	$ 32,117 $ 5,000
5. Communications strategy - Develop communications strategy including channels for the public to	Q2-4	Q1-4	Q1	Ministry of the Public Service, UNDP	UNDP/MPS	10% ALD4 Comms material	$21,412 $20,000
TOTAL							$ 448,974

An Annual Workplan (AWP) will be produced for each year of the project. The Project Manager will liaise with the project board during the final month of the preceding year to finalise the AWP for the coming year. The outline above provides a high level overview of the activities over the project duration.

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II. MANAGEMENT ARRANGEMENTS

Article III of the Standard Basic Agreement between the Government of the Kingdom of Lesotho and UNDP of 31 December 1974 states that execution of UNDP-assisted projects shall remain the responsibility of the Government. This was also reaffirmed in United Nations General Assembly resolution 44/211, which categorically states that the recipient Governments have the sole responsibility for the co-ordination of external assistance and the principal responsibility for its design and management and that the exercise of those responsibilities is crucial to the optimal use of external assistance and to the strengthening and utilisation of national capacity. UNDP works to help develop and enhance the national capacities in the initiation, implementation and conclusion of the developmental undertakings in which it is involved as a partner. For this to work, it is essential that the Government assume the overall responsibility and direction for the execution of the UNDP-supported initiatives. To this end, the National Execution (NEX) modality will be used for programme execution in accordance with the approved Country programme Action Plan (CPAP).

Whereas *execution* means <u>overall ownership and responsibility</u> for programme activities, to be undertaken by the Ministry of Finance and Development Planning, expressed via signature of the CPAP, *implementation* means responsibility for management and delivery of programme activities to achieve specified results, and is expressed via signature of an Annual Work Plan (AWP).

Given the scope of the project, the Ministry of the Public Service will be the **Implementing Partner** for all Output areas, and Annual Work Plans (AWP) will be signed with by this partner as it will have responsibility for the management and delivery of project activities to produce the specified output(s).

In line with the UNDP Harmonised Approach to Cash Transfers (HACT) approach to disbursements of project funds, agreements will be made with the implementing partner to either transfer funds on a quarterly basis to the implementing partner for activities set out in an approved Annual Work Plan or for UNDP to make direct payments to service providers. The decision whether to transfer funds to an implementing partner or make direct payments will also be informed by a capacity assessment of the implementing partner (see below on Capacity Assessments).

UNDP will support project implementation by recruiting one or more Technical Advisors (TAs) who will be based within the implementing partner and who will report to an overall project manager based at UNDP Lesotho. The TA(s) will have expertise relevant to the Institutional reform and change management area and will also provide assistance in implementation of project activities (see below on project roles).

The project manager will be supported by a research associate, preferably with a (change) management background, as well as a administrative assistant to ensure proper management of project funds in line with UNDP financial rules and regulations as well as internationally recognised project management standards.

In all administrative and operational aspects of the project implementation, the UNDP Country Office will provide support to and facilitate the implementation of activities in the form of **Implementation Support Services**. Procurement as well as recruitment of project staff and consultants will be done by UNDP in line with standard, published, UNDP procurement and recruiting rules and procedures. In addition, UNDP is able to provide support to the Implementing Partner(s) by processing procurement of goods and services, as well as accessing and adapting best practices from its global knowledge networks. As these services entail a cost to the UNDP office, these will be incorporated as direct costs to the project.

If required, training on the UNDP project management, procurement and financial practices and regulations will be given during the start-up of the project to the Implementing Partners.

Capacity Assessment of Implementing Partners:

As a standard procedure for all UNDP administered projects and programmes under the new Harmonised Approach to Cash Transfers to implementing partners (HACT), there is a requirement that a Macro and Micro Assessment be carried. A Macro Assessment is a key element of the HACT. It is basically a review of a country's public financial management system. There are two reasons why a Macro Assessment has to be carried out. The first is to help UNDP, the government and development partners identify strengths and weaknesses in the public financial management system that can be flagged for follow-up assistance, and the second is to help UNDP and its partners understand more fully the financial environment within which they are operating. It helps UNDP and partners decide, in conjunction with the Micro Assessment, on the most appropriate assurance methods and the best procedures to use for transferring financial resources.