

DPCF 2014

DEVELOPMENT PARTNERS CONSULTATIVE FORUM (DPCF) ANNUAL REPORT
JANUARY -DECEMBER 2014

NARRATIVE REPORT and FINANCIAL REPORT

12/30/2014

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1. INTRODUCTION

The DPCF annual report captures activities and efforts implemented within 2014 as per the DPCF Annual plan and mandate. The overarching objective of the DPCF is to increase the level and frequency of communication and to promote further transparency between the development partners and the Government.

This annual report carries two main components, narrative and financial report for the current year (2014) plus a budget for the following year (2015). In 2014, the work plan for 2014 against which the report is made reflects adopted a more supportive function to the Department of Aid Coordination (DAC) of the Ministry of Development Planning (MDP) than being a standalone plan. The narrative component will generally elaborate the following result areas.

- [Harmonisation of Development Aid](#)
- [Strengthening Collaboration with the Government of Lesotho](#)
- [Strengthening Government Capacity to Lead Aid Coordination](#)
- [Enhance Mutual Accountability](#)
- [Aid Predictability](#)

2. MAIN ACHIEVEMENTS

DPCF in 2014 through monthly and ad hoc meetings continued to provide a good platform for dialogue among Development Partners (DPs) for information sharing and consultations. Unlike in the previous years, this year, signs of government leadership were very more feasible with at least two meetings organised and chaired by the Minister and Principal Secretary of the Ministry of Development Planning.

Following the approval of Lesotho Partnership Policy in 2013, the government officially launched the Partnership policy on the 23 July 2014 together with the code of conduct for implementation of the partnership policy. The code of conduct marked a crucial milestone in reflecting commitment of both government and DPs' will to collaborate better for achievements of results.

Implementation of Development Assistance Database(DAD) also known as Public Sector Investment database(PSID) saw three major achievements, 1) official launch of the database alongside the Partnership policy, 2)capacity building for both Government ministries and DPs focal points and 3) uploading of projects(a total of 72 project records by end of 2014). More importantly the database is already being used to communicate analytical information about Aid in Lesotho.

Participation of Lesotho in the Mexico High level meeting in April in which the Minister of Development Planning accompanied by the DPCF Chair led Lesotho delegation marked a continued commitment of the Government of Lesotho (GOL) and its DPs to improve Development Cooperation along with the global community. The high level meeting was preceded by other African continental meetings in which experiences on Development Corporation were shared among African countries. Although Lesotho did not participate most of Africa meetings, outcomes of the continent were mostly in line with Lesotho's own experiences.

3. PROGRESS BY RESULT AREA

3.1 Harmonisation of Development Aid

Harmonisation as defined in the Paris Declaration seeks to encourage more collective donor actions in terms of collective planning, collective financing and thus reducing the transaction costs. Practical actions normally include programme based aid modalities, joint programmes, joint missions and joint diagnostic reviews. This aspect of aid effectiveness still remains weak in Lesotho with most DPs using project financing aid modality on bilateral level, and undertaking individual missions and separate diagnostic studies.

However, existing examples of joint programmes such as Deepening decentralisation Programme, public financial management (PFM) and others in which more than one Development partners are involved is highly encouraged. On the other hand, it is also encouraging that although DPs carry out separate missions, consultations with other DPs is always done on all missions.

3.2 Strengthening Collaboration with the Government of Lesotho

The envisaged coordination of DPs under the government leadership gave hope that finally government is almost ready to take its leadership role. At least two meetings were organised under government leadership where one meeting was chaired by PS and one chaired by Minister of Development Planning in 2014. Collaboration at the level of DAC and DPCF secretariat remained strong as evidenced by joint planning of activities.

Following finalisation of Partnership policy in 2013, the process of establishing the Partnership Policy implementation task force (PPITF) was initiated by drawing the TOR for such a body which in many ways will facilitate all collaboration issues. At this stage TORs still need to be circulated and formalised. One other important milestone signifying collaboration was the signing of code of conduct for guiding cooperation between GOL and Development partners (mainly UN in the meantime). The partnership policy requires that Gov draws an implementation plan for the policy and this provides more space for drawing annual targets on which monitoring will be done.

Although signing of the code of conduct was not done with all DPs, it marked an important step reflecting good will from both the Government and DPs to collaborate more effectively for achievement of development gains envisioned through the NDSP. While the signing did not mean any financial commitment or change of financing modalities existing bilaterally, it symbolised the spirit of improving harmonisation, use of country systems, systematic reporting of aid flows in the PSID and other intentions of the policy. A follow up is still required to conclude with other DPs and also extend the code to Non-resident DPs.

3.3 Strengthening Government Capacity to Lead Aid Coordination

Besides finalisation of partnership policy, activities under this result area were implementation of Aid Coordination architecture, drawing of joint annual work plan and facilitation of Lesotho's participation in the Mexico High level meeting.

Within the reporting period (2014), the above planned activities were successfully completed with some progress. If well implemented, aid coordination architecture

would have allowed more interaction at department levels up to ministerial levels in order to raise all issues of concern. However, in the reporting period, convening of meetings was very low due to government's pre occupation with many other priorities. On the side of DPCF a fewer meetings were held compared to 2013 based on the hope that government would be more active in the leadership.

In an effort to build capacity of the Ministry of Development Planning (MDP), four officials from Ministry of Development Planning each from department of aid coordination, project management cycle, IT and from management were sent to participate in the DAD community of Practice workshop in Kenya in which most countries using DAD globally came together to share experiences in the use of their aid management information systems. The experiences from this trip gave Lesotho a momentum to strengthen Lesotho DAD/PSID. To date, PSID has been disseminated to all government PSs and to all economic planners in all ministries as an effort to institutionalise it as the government main information system. Progress on the database is encouraging.

Lesotho's participation in international development cooperation forums also played a part in capacity development as such forums gave an opportunity for peer learning and more awareness on global commitments on effective development cooperation. The highlight of the global forums in 2014 on Aid Effectiveness was Mexico High level on the 15 to 16 April 2014. This meeting drew Ministers, leading representatives of developing and developed countries, multilateral, regional and bilateral development and financial institutions, parliaments, local and regional authorities, private sector entities, philanthropic foundations, trade unions and civil society organizations together to shape the future of global development cooperation architecture.

The High Level meeting discussed various issues including progress made from Busan, use of country systems, the role of media, private sector as well as the role of civil society in development. The High level meeting noted that there is progress on a number of indicators such as untied Aid, aid predictability although progress is quite uneven globally. On the other hand, one main weak point for most countries came

out as the 'use of country systems' due to reliability concerns as well as reluctance on the part of some DPs. Moving forward meeting reaffirmed the commitment to:

- Strengthen ownership of development results by developing countries and fostering joint programmes and division of labour to avoid fragmentation
- Strengthening of initiatives, policies and programmes for improving country results
- Strengthening inclusive partnerships and development (creating space for CSOs, strengthening critical role of parliamentarians that of linking governments with Citizens, providing legal framework for development cooperation, facilitating private sector investments)
- Encourage accelerated effort to fulfil Paris, Accra and Busan commitments of sharing timely, comprehensive, usable and forward looking data
- Support strengthening of taxation system that will be sustained on a broad tax base. Reaffirmed to support the fight against illicit flows and to combat corruption as well as money laundering
- Consider support for MICs that are currently hosting majority of populations facing poverty, inequality and vulnerability to economic downturns
- Support scaling up of south-south cooperation, triangular cooperation, and knowledge sharing.

The above statements gave countries a message of future roadmap. At the country level, the above issues need a comprehensive review to establish the baseline from which annual targets will be drawn for annual work plans. Prior to the Mexico meeting, assessment in Lesotho is summarised in the table below which gives an overview of progress for Lesotho under the Busan Global partnership for Effective Development Cooperation (GPEDC) monitoring for the period 12/2013. These results formed part of the global reports shared in Mexico.

3.3.1 Summary results for Busan monitoring for the period 2012/2013 (results came out in 2014)

Lesotho's performance in each indicator that was under review in the exercise

Indicator	2015 target	Baseline 2010	Current 2013	Comments
5a. Annual predictability	Halve the gap – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled (92%)	83%	81%	The shortcoming in assessing this indicator has been lack of data from providers who are better informed on planned disbursements.
5b: Medium-term predictability. Estimated proportion of total funding covered by forward spending plans	Halve the gap – halve the proportion of development cooperation funding not covered by indicative forward spending plans provided at country level (96%)	-	93%	Although performance on this indicator is satisfactory, there is need to strengthen this aspect through the DAD/PSID
6. Aid is on budgets which are subject to parliamentary scrutiny	Halve the gap – halve the proportion of development cooperation flows to the government sector not reported on government's budget(s) (with at least 85% reported on budget)	55%	88%	88% of scheduled Aid was actually recorded on budget in 2012/2013 fiscal period and this is a positive improvement.

7 .Mutual accountability strengthened through inclusive reviews	All developing countries have inclusive mutual assessment reviews in place	No	Yes	Partnership policy is the only positive step done since 2010 as far as MA is concerned. There is need to implement other components such as joint reviews and assessments
9a Quality of PFM systems	4.0	3.5	3.5	Average performance but no improvement since 2010 hence need for improvement
9b .Use of developing country PFM and procurement systems	Use of country PFM systems (60%)	39%	9%	There is serious need for improvement.
10. Untied Aid	Accelerate efforts to untie aid.	98%	93%	

The table above shows that, compared to the baseline year of 2010, some improvements have been realised on Aid Predictability, Aid on Budget and Mutual accountability indicators. However, it is important to strengthen implementation of agreed commitments in order to achieve results out of the planned development assistance. While some improvements such as on predictability are encouraging, there is need for government to use this knowledge to take prompt decisions on integrating Aid supported initiatives into ongoing government programmes. It is also noted on the table that Public Finance Management and use of country systems remains the weakest areas that need more efforts.

Following the Mexico meeting and in pursuit of building inclusive partnerships as an important element of Busan and Mexico as well as MDG post 2015 roadmaps, the GOL started the process of drafting a partnership agreement between Gov. and Civil Society Organisations (CSOs). The partnership will facilitate a more systematic and structured interaction between CSOs and Gov. Related to CSOs engagement, the DPCF secretariat participated in the '**Enabling Environment for CSO engagement**' workshop in June 2014 in which it shared with CSOs, the outcomes of Mexico, how CSOs can strengthen their cooperation with government taking advantage of their partnership policy initiative underway and on how CSOs can access information on the PSID as a depository for all public investments and donor funded projects. The workshop recommended that CSOs should be more proactive to claim their space in development and to communicate with Ministry of Development planning and or DPCF secretariat for more information they would need.

3.4 Enhance Mutual Accountability (MA)

Lesotho to date does not have a mutual accountability (MA) framework going beyond general budget support reviews for funding disbursed through general budget support mechanism. Planned activities under MA were strengthening of sector coordination, joined (Government and DPs) field visits to monitor projects. During this reporting time, discussions and preliminary planning went ahead at the level of aid coordination office and DPCF Secretariat but approval in the Ministry's management could not be secured due to competing priorities.

At the sector level both the Gov. and DPs had acknowledged the importance of strengthening sector coordination in order afford all stakeholders with an opportunity to discuss policy interventions and also provide progress on agreed actions. In this regards, the MDP had already started working on revitalisation of NSDP sectors in order to give space for continued interaction between DPs and relevant line ministries as well as CSOs involved in such sectors. At the end of 2014, not much progress was made in revitalisation

of NSDP sectors. However, it should be noted that despite the fact that sector coordination remained weak in general, other sectors such as water and health sectors continued to work well.

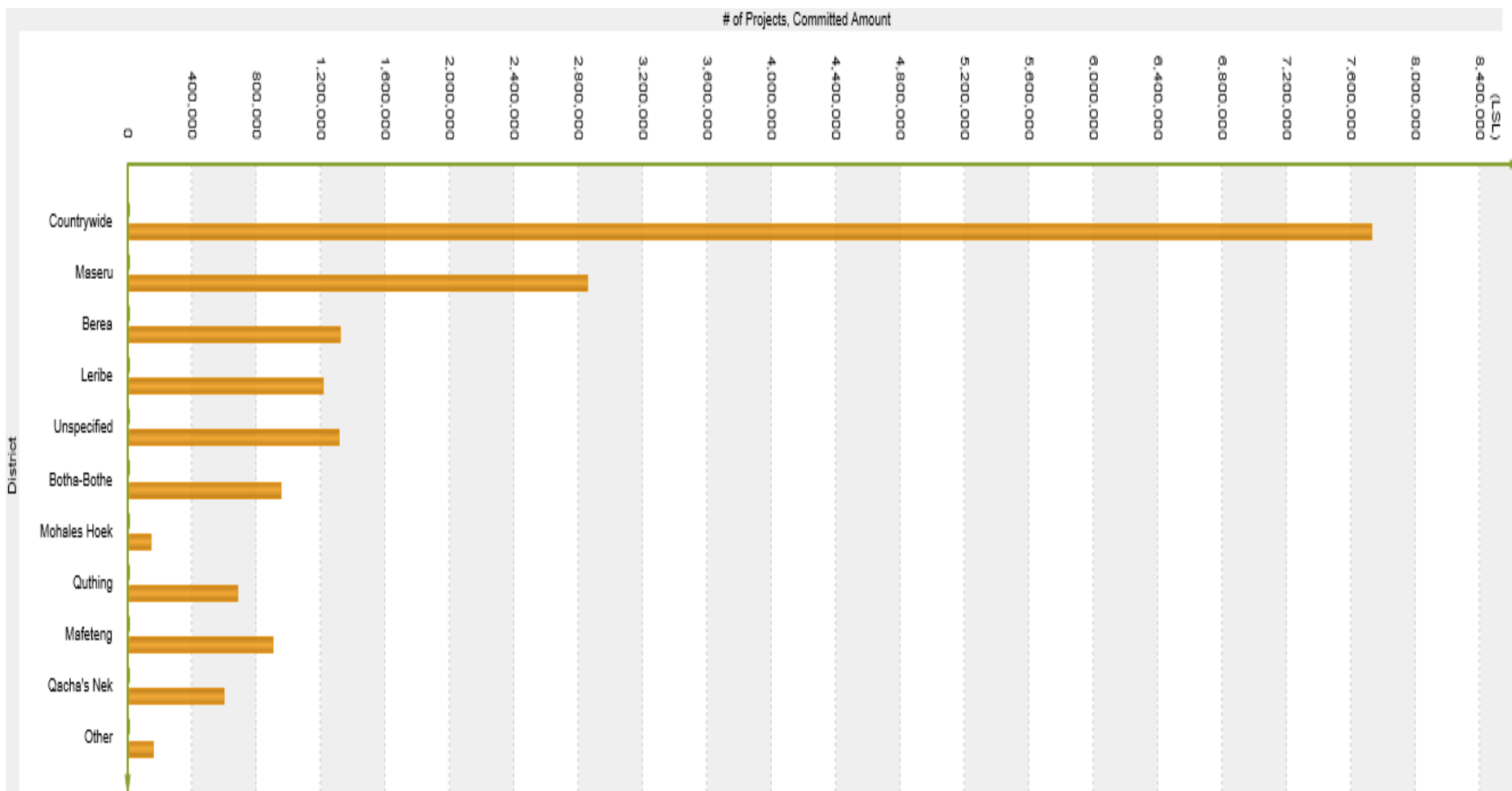
3.5 Aid Predictability

Aid predictability is an important aspect of Aid Effectiveness as it enables recipient governments to plan ahead and allocate its financial resources cognisant of Aid availability in the medium term. Through the Global Partnership Monitoring, Lesotho reported that about 93% of DPs' financial support is known to the government through forward spending plans for the period 2014- 2016. Although this is a good indication of information sharing on medium term predictability, as indicated in the results table above, there is need to strengthen reporting of forward spending plans through the PSID so that most of all stakeholders are able to access this information and use it accordingly.

Progress in the implementation of the Public Sector Investment Database (PSID) in the reporting period has been encouraging. The official launch of the database by the Prime Minister was done on the 23rd July 2014 and came after a 10 days training for all government ministries (Economic planners) and DPs focal points on the use of the system. The 10 days training resulted in more projects being entered into the system, which in turn promotes accountability and transparency between government and DPs. In an effort to facilitate a wider ownership and utilisation, the database was also presented to all principal secretaries who appreciated the initiative.

Although the target was to record 80% of projects by end of 2014, it proved to be a challenge to know the number of projects in the country because the ministries are yet to submit their projects inventories to the Ministry of planning in order to establish the total number of projects. However, by year end about 72 projects were recorded in the system with half of them ready for public viewing while the other half in draft form/not completely recorded in the system. The need for regular updating of projects in the system is required in order to facilitate more analytical work to be generated by the system.

Although quarterly reports were not produced as planned due to low levels and accuracy of data in the system, some analytical pieces were still generated like the one below indicating number of projects per district and committed amounts in such districts (reflecting geographical locations where the investments are made).



The chart gives a snap shot of the distribution of funding per district detailed in terms of number of projects and the consolidated amount of investments for both donor and government funded projects. Based on this scenario, it clearly indicates that more effort to decentralise projects investments is required. Countrywide in the chart above refers to funding at Head Quarters of Ministries

4. DPCF Coordination Meetings and information sharing

The DPCF as a forum continued to be an essential platform for information sharing and consultations among the DPs to discuss different diagnostic studies, reports and other policy issues. In 2014 the following issues were discussed and shared through DPCF,

- Economic performance briefs from IMF and socio economic briefs from UNDP,
- Political and stability analysis by constitutional expert Prof Nqosa Mahao from NUL
- Briefing on results of Round 6 Afro- barometer Survey
- Judiciary - Case management system
- Updates on UNAIDS GAP Report-Lesotho status
- Updates on Millennium Challenge Corporation (MCC) work in Lesotho and status of new compact.

In addition to activities mentioned above; the Secretariat's carried out the following routine and on-going activities.

- Preparation and resourcing of the DPCF monthly meetings
- Support ad hoc meetings for external missions
- Administer information flow within the DPCF and with the Government
- Provision of inputs in the write up of The Almaty programme Action Report for Lesotho focusing of ODA for infrastructure development in Lesotho. The Almaty report was giving an account of progress for countries party to the Almaty programme of action in the 2014 ten- year review conference focusing on addressing the needs of landlocked developing countries.

5. CHALLENGES AND LESSONS LEARNT

The DPCF made progress in some important aspects of its work in 2014 as mentioned in the first section of the report. However shortcomings were in the areas of sector coordination, Coordination between government and DPs under government leadership still low, mutual accountability reviews not done, joint programming is still low in Lesotho and no joint field visits.

5.1 Lessons learnt

- Implementation of the PSID in the first year saw a commendable progress although level of details and quality of data still have to be improved. Continued capacity building is required
- Government takeover of DPCF meetings seems to be slow than was anticipated but continued support will play an important role for full takeover
- The partnership policy approval is a good milestone as it demonstrates commitment by the Government of Lesotho, but the code of conduct needs to be finalised with other DPs.

6. RECOMMENDATIONS

- Establishment of Partnership policy implementation task team so that it will draw the work programme for 2015 including joint planning between DPs and GOV as per partnership policy.
- Finalisation of sector coordination resuscitation
- Finalisation of signing of code of conduct between Gov. and remaining DPs as well as extending this to non-resident DPs.

7. SECRETARIAT'S FUNDING

The Secretariat in 2014 received support from Irish Aid, World Bank, UNICEF, UNDP, USG and WFP. Statement of finances is provided in the finance report below.

ANNEX A: FINANCE REPORT

Development Partners Consultative Forum financial statement for the period 2009-2014 & 2015 Budget													
Period	Discription	Funding Development Partners									2013	2014	2015 Budget
		Irish Aid	GIZ	WB	UNDP	UNICEF	UNFPA	EU	WFP	USG	totals	totals	totals
2009	contributions	\$12 000.67	\$12 405.59	\$5 887.84	In kind contribution	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$62 108.54	\$38 127.84	\$12 129.24
2010	contributions	\$26 931.87	\$13 600.00	\$11 920.20		\$0.00	\$0.00	\$0.00	\$0.00				
2011	contributions	\$13 106.46	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00				
2012	contributions	\$12 467.69	\$27 272.72	\$0.00	\$5 119.51	\$0.00	\$0.00	\$0.00	\$0.00				
2013	contributions	\$13 701.39	\$12 828.80	\$12 129.24	\$11 000.00	\$4 044.12	\$5 000.00	\$3 404.99	\$0.00				
2014	contributions	\$2 772.00	\$0.00	\$12 129.24	\$1 215.60	\$3 011.00	\$0.00	\$0.00	\$4 000.00	\$15 000.00			
2015	Pledges			\$12 129.24									\$12 129.24
Income received													
	opening balance										-\$249.58	\$21 517.05	\$23 151.63
	annual contributions										\$62 108.54	\$38 127.84	\$12 129.24
	Total income										\$61 858.96	\$59 644.89	\$35 280.87
Expenditures (In USD)													
	Salaries										34 467.19	32 467.11	\$18 000.00
	Meetings/workshops related costs										1 100.49	208.80	\$1 500.00
	Printing and Publications										279.98	-	\$200.00
	IT equipment/scanner and Tonners										-	-	\$0.00
	Secretariat's Training / Learning										3 652.20	2 840.41	
	Utilities										102.01	976.94	\$1 000.00
	Miscellaneous										15.20		
	Administrative costs (cost-recovery)										694.00		
	Gains and Losses										30.84		
	Total Expenditures										40 341.91	36 493.26	20 700.00
	Surplus/deficit										\$21 517.05	\$23 151.63	\$14 580.87
Summary finance updates 2014													
	Total received in USD	\$59 644.89											
	Total expenditure up to Dec	36 493.26											
	Balance to be carried into 2015	23 151.63											