

## UNDP RAPID FINANCING FACILITY

**Project name:** Promoting green value chains for COVID-19 recovery  
**Implementation period:** January 2021 – December 2022  
**Amount:** US\$1,500,000

1. **Situation analysis** (maximum 3,000 characters)

*Within the analysis, please include the gender differentiated impacts of COVID-19.*

Based on the vulnerability of its health and economic sectors, and despite having no confirmed cases at the time, the Government of Lesotho declared a national emergency situation, imposed restrictions on non-essential movements and adopted total lockdown policies aimed at controlling the potential spread of COVID-19 in the country, in March 2020. By the 23<sup>rd</sup> October 2020, Lesotho had recorded 1,934 confirmed positive cases and 43 deaths due to COVID-19. Although the economic activities have resumed, the emergency situation prevails. Despite the low infection rates, the restrictive measures adopted by the Government of Lesotho are projected to have long-term socio-economic impact on the country. According to the joint Assessment of the Socio-Economic Impact of COVID-19 on Lesotho, (UNDP, June 2020), the COVID-19 crisis is expected to increase the poverty rate by almost 2 percent in 2020, especially affecting people in the rural areas where more than 60 percent of Basotho live. It is further projected that almost 433,000 people in Lesotho (20% of the population) will be food insecure as result of COVID-19.<sup>1</sup>

Given Lesotho's economic structure, some key sectors, including manufacturing, tourism, retail and wholesale, were highly impacted by the restrictions on movement and closure of borders. Lesotho imports over 90% of its consumer goods and services, including food, from South Africa. This makes the country highly vulnerable to any shocks such as COVID-19 and puts food access and security beyond the immediate control of the food insecure population. Given closed borders, use of local food suppliers and brands has increased, and the agriculture sector is expected to rebound by about 3% as a result. A longer term solution for the recovery of the food sector is essential given the country's vulnerability. In view of this, the joint UN Socio-economic Impact Assessment of COVID-19 in Lesotho recommends implementation of strategies to move the country from being a net importer of food to ensure food sufficiency and minimize impact of future shocks. The study also recommends a rapid assessment of local food supply chains and supply capabilities be carried out to determine internal demand and supply capabilities. This is an opportunity for Lesotho to build forward on a foundation of resilient, sustainable agricultural system encompassing the entire value chain, from production to markets. The UN and partners further recommend adoption of simple technologies, including digital technologies for improving economic resilience and ensuring inclusive recovery, and to take advantage of the high connectivity and ownership of mobile technologies. This should also enable youths to be active players in the country's food system.

Through the NSDP II, the Government of Lesotho prioritized agriculture and technology as part of the four sectors for driving economic growth in the country. As part of its recovery agenda, the Government has developed a two-year policy framework that is aligned to the NSDP II Key Priority Areas to select the areas of focus and strategies for implementation over the two-year period, from 2020. This framework will also respond to the myriad of challenges that Lesotho faces, including COVID-19, climate change, unemployment and inequalities, and macroeconomic and fiscal risks. The Strategy prioritizes agriculture

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<sup>1</sup> [https://reliefweb.int/sites/reliefweb.int/files/resources/SADC\\_Lesotho\\_snapshot\\_July2019.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/SADC_Lesotho_snapshot_July2019.pdf)

and nature-based interventions, focusing on promoting conducive policy and legal environment and improved capacities for increasing quality and volume of production. The strategy also encourages adoption of innovative technologies to unlock economic opportunities and drive youth inclusivity in the recovery agenda.

**2. Proposal overview and expected outputs** *(maximum 3,000 characters)*

*Please elaborate on the proposal approach and how it is expected to lead to change at the output level. All Rapid Financing Facility proposals must be GEN2 or GEN3; therefore, please indicate how the country office proposes to address gender inequalities through concrete interventions.*

To complement the national recovery agenda, through the UN COVID-19 Response Strategy, UNDP has proposed to support Lesotho develop the capacity and build the resilience of the local agricultural sector to produce and supply the local market with sufficient food through sustainable production, processing and marketing processes. UNDP will implement activities towards private sector mobilization, capacity building of smallholder farmers to scale productivity and creation of linkages for market access for economic recovery and creation of employment opportunities, targeting youth and women.

The proposed project is aimed at supporting the Government of Lesotho to initiate a value-chain programme to consolidate efforts towards creating sustainable green livelihoods and jobs, through development of local value-chains and supplier development systems and taking advantage of youth in the application of clean and digital technologies to increase quality and volumes of locally produced food. Building on ongoing interventions by UNDP and other development partners, UNDP will work with MSMEs and smallholder producers to promote livelihoods and job creation through sustainable management of natural resources, and for promotion of agriculture-based economic activities for food self-sufficiency and commercialization. The project will be piloted in the district of Molepolole, being one of the 'worst drought-affected' districts in the country (WFP [June 2020](#)), as well as to leverage existing partnerships and results from existing programme results.

The project will focus on three main areas that will initiate the transformation of the agricultural and food systems of Lesotho on a pilot basis, working with government, farmers and the private sector to ensure sustainable and resilient food systems in Lesotho. The first area is to facilitate an inclusive policy and institutional planning and development process in which government, smallholder farmers, the private sector in the food value chain identify and address the barriers to a sustainable agricultural system capable of meeting the food needs of the country. This is intended to lead to long term change towards sustainable and green agricultural systems. The second area supports local farmers, on a pilot basis to enable them to be active players in sustainable agricultural production using green and resilient technologies and practices in a way that increases their output and incomes. The third targets value chain activities to facilitate the use of technologies in the processing, handling, marketing of locally produced food with the involvement of youths. This will be piloted in the implemented in Molepolole district as part of a long term economic and agricultural transformative programme, and that builds on previous and ongoing initiatives in Lesotho.

Through the ongoing projects such as Reducing Vulnerability from Climate Change (RVCC), UNDP has already built capacities to enhance food production and to create income generation activities such as crop production and beekeeping. The RVCC project is also strengthening government extension services through capacity building of technical staff and establishment Farmer Field Schools to complement

extension services at community level and to enable sustainability of project results.<sup>2</sup> Again, through Sustainable Energy for All project and other energy initiatives, UNDP has started promoting solar and other clean energy technologies used by communities to enhance food production, cooking and preservation of food. Both projects are implemented in the district of Mofale's Hoek.

Through this project, UNDP will activate local partnerships between the government and private sector to establish inclusive platforms that exploit potential synergies in production, market access, technologies and innovations. This will further create internal linkages between the local and national initiatives for mobilizing private sector participation and investment for economic growth and employment creation. The project will provide collaborative platforms for policy-shaping dialogue and engage the local farming community and stakeholders to test and co-create user-friendly and context – specific technologies and solutions.

As a pilot, the project will focus on primary commodities with high demand in the rural communities, including vegetable production, piggery and poultry development. Prioritization will be informed by a rapid assessment and lessons from the ongoing projects led by FAO and UNDP in the areas to determine the supply and demand dynamics for identified commodities. The project will work with the existing 120 beneficiary farmers and 35 community groups in the district and mobilize broadly for collaborators in the district.

The project will also promote digitization of the ecosystem by promoting adoption of digital technology for personal and business transactions. Building on lessons from the Lesotho SIMM project<sup>3</sup> on access to digital financial services and financial inclusion, the project will expand the experiments from the COVID-19 response on e-commerce platforms for local agri-products to facilitate technologies for access to affordable finance and access to market for local farmers. These initiatives are expected to attract participation of youth, tapping into Lesotho's growing tech-savvy youth population to increase adoption of digital solutions in agriculture.

This will be achieved through the following three outputs:

**Output 1. Evidence-informed policy environment and participatory engagement created for responsive and market-based interventions**

Working with other development partners such as FAO and private sector, the project will carry out a rapid assessment of the entire food and agricultural value chain (including storage, processing, distribution and disposal) that needs to be addressed to strengthen food supply chains. The rapid assessment will also identify opportunities to strengthen linkages with private sector at value-adding stages like processing. Integral to the rapid assessment will be risks assessment to build resilient local supply chains, including socio-economic, political, technological and environmental factors. The assessment will be undertaken from a perspective of identifying and assessing value chains with the higher probability of integrating green technology and sustainable production patterns.

The assessment will also enable prioritization and development of targeted interventions for localized food chains and identification of relevant green and digital technologies that may be adopted. Through

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<sup>2</sup> <https://stories.undp.org/drought-rising-temperatures-and-extreme-weather-pose-risks-to-lesotho>

<sup>3</sup> Lesotho Scaling Inclusion through Mobile Money Project (SIMM).

[https://www.ls.undp.org/content/lesotho/en/home/projects/Lesotho\\_Scaling.html](https://www.ls.undp.org/content/lesotho/en/home/projects/Lesotho_Scaling.html)

academia and independent researchers, the project will generate market intelligence for farmers on the identified commodities to inform production strategies and capacity building programmes.

In parallel,, the project will strengthen local stakeholder coordination and engagement platforms, taking advantage of existing community structures, to promote public-private dialogues at both district and local level. These platforms will facilitate information sharing, interrogate and shape emerging issues and facilitate quick adoption of recommendations to shape and inform relevant policy and decision-making processes. This will also facilitate scoping of ongoing initiatives, identify potential synergies and partnerships and increase advocacy for local products.

1.1 Facilitate localized private – public dialogues and coordination to shape policy and decisions for a locally driven food system in Lesotho.

1.2 Conduct a rapid assessment to determine production/supply constraints and market opportunities for locally produced food commodities and gaps in green and digital technologies, such as drip irrigation

1.3 Together with the academia—the National University of Lesotho and local civil society organization, document lessons learnt on the project, undertake research and develop trade and market intelligence, that will support market identification and unlock possible logistical barriers and develop conduits for information dissemination for farmers.

1.4. Develop knowledge products, policy briefs to inform policy decisions and formulation for a green agro-economy and locally driven food supply system

## **Output 2. Capacity building and technical support for smallholder farmers to improve the volume and quality of products for local demand and enable recovery from COVID-19**

The project will strengthen community resilience against the coronavirus and future shocks by building capacities of local producers, including women and youth, to sustain local demand and livelihoods. Building on prior partnerships with the local private sector, partners and actors at community level, and on results of ongoing projects, UNDP through this project will initiate a local supplier development programme, aimed at building capacities of local farmers to increase volumes and quality of locally produce produced food. As part of this pilot, this project will support integrating the use of green, nature-based and climate resilient approaches to production, handling and processing in selected value chains. Further, in collaboration with the local private sector and stakeholders, the project will provide supportive capacity to address identified gaps and limitations relative to different actors in the value-chain to meet market requirements in terms of volumes and quality. These issues will be addressed by undertaking the following:

2.1. Support the development and uptake of localized standardization index for identified local products to improve safety and quality of products and pilot one product.

2.2. Develop simplified guidance on sustainable production and standards for use by agricultural extension services.

2.3. Develop content and curriculum for training of farmers and agricultural extension services to improve the quality and quantity of production based on the defined quality index, using a training of trainers approach and local farmer schools platforms.

2.4. Provide technical support to improve farm management including management of existing technologies provided by UNDP for protected crop production (such as greenhouses, shade and hail nets) and crop-specific management (including soil, water and nutrient management) to ensure that the produce meets expected standards and requirements.

2.5. Establishing localized market centers to facilitate visibility and market opportunities for small scale producers

### **Output 3. Innovative digital and green technology solutions adopted to add value to local produce and improve market and information access**

This output will support value addition of locally produced food using green technologies, to meet market needs and standards, and facilitate market access through technological innovations. First, the youths, together with organized groups in targeted communities that are already doing basic food preservation will be supported on the application of green and simple technologies such as solar cookers, ovens, dryers and water heaters for food preservation and processing, thus increasing value addition on local products. These youths and groups will be linked to sources of finance for the wider adoption of these technologies on a commercial basis. Working with Acclab, private sector, academia and relevant technical ministries including Ministry of Communication, Science and Technology, and the Ministry of Small Business Development, the project will facilitate development of youth inclusive innovative digital technologies to improve linkages between producers with markets and promote access to services and information. Taking advantage of the high mobile penetration in Lesotho, the project will work with local youth innovators and partners to accelerate integration of mobile technology-based solutions for agri-based initiatives by undertaking capacity development programmes and facilitating adoption of e-market application developed by Acclab.

Expected activities will include the following:

3.1 Undertaking a Digital Finance Ecosystem Assessment, to understand the legal and regulatory landscape of the digital finance, including its inclusivity, so as to connect with informal sector and promote the adaptation of existing mobile and e-commerce interfaces for linking producers to consumers at the local level.

3.2. Develop and pilot localized technology-based applications and solutions for youth participation and market integration

3.3 Supporting local production and promotion of green technologies to address gaps identified under output 1.2 in value-chains, partnering with existing energy trading centres selling renewable energy technologies, targeting local producers targeted under output 2.3, youth and women groups already using renewable energy for food processing.

3.4. Supporting in development of brand identities and tracking solutions to enhance product package, look and traceability using technology based solutions and environmentally friendly and easy to access materials.

3.5. Provide business training to youths and small entrepreneurs involved in local processing of food using green technologies.

3. **Management arrangements** (maximum 2,000 characters)

*Describe how the initiative will be managed within UNDP.*

The programme will be managed by UNDP, with oversight support from the project Steering Committee, with membership comprising representatives of the private sector, government and partners. UNDP will engage a project manager, who will be responsible for coordination and mobilization of national stakeholders, partnerships and resources. For shared values and maximize potential for results, the project will establish a technical committee to coordinate efforts with various partners and ensure complementarities in implemented initiatives.

4. **Partnerships** (maximum 2,000 characters)

*Describe how the country office will work with partners to achieve results.*

The project will leverage existing partnerships and ongoing initiatives with the Ministry of Trade and Industry, the Ministry of Small Business Development, the Ministry of Communications, Science and Technology, the Ministry of Agriculture and Food Security and the Ministry of Forestry and Land Reclamation to anchor project activities and facilitate ownership of project results.

The project will also continuously mobilize partnerships with relevant stakeholders, including the academic sector to contribute to relevant areas and achieve results. The project will complement ongoing resilience building initiatives and COVID-19 interventions supported by UNDP and other development partners such as FAO and NGOs targeting most vulnerable communities. Both UNDP and FAO are already supporting communities with Income Generating Activities such as protected vegetable production, beekeeping, and food preservation (e.g., fruit and vegetable drying and canning). Therefore, this project will build on these ongoing interventions to take them to the next level beyond production and household consumption, with a focus on the value-chains, to ensuring these and all such products end up in the local and international markets.

UNDP is also working with the Standard Lesotho Bank and the Lesotho National Development Corporation for initiating the supplier development programme and development of local production standards on different commodities sources locally. The project will mobilize private sector entities and establish inclusive platforms that facilitate dialogue between the private and public sector and partners for common solutions.

UNDP will also mobilize other partners like ILO and other UN agencies for capacity building of local MSMEs, development of private sector capabilities and social dialogues. The project will also work with the private sector networks, including organized MSMEs and producer groups to determine supply constraints and pilot initiatives under the project. UNDP is already working with the National University of Lesotho for mobilization and identification of local solutions and innovations for development.

5. **Complementarity with other funds available for COVID-19**

*If the country office already has resources available for COVID-19 (e.g., core resources, Rapid Response Facility, government C/S, third-party C/S, vertical funds, etc.), please indicate how the*

*requested funds will complement other funds or help mobilize additional resources toward programmatic ambitions and sustainability.*

UNDP Lesotho mobilized resources amounting to almost USD1 million for the national COVID-19 response including RRF, core resources and reprogramming. The funds were utilized to support the government of Lesotho in the three areas of the UNDP Strategic Offer, to build preparedness of the health system, support crisis management and development of recovery programmes. Using these resources and through the UNDP Accelerator Labs, UNDP introduced digital technology platforms for e-health and e-commerce that enabled adoption of digital technologies within communities and exploiting ingenuity of Basotho youth. Through these resources, UNDP further supported resilience building within communities, integrating risk communication and behavior change, especially targeting the most vulnerable and highly exposed population groups by providing water tanks and handwashing facilities in critical areas including market centres and bus-stop areas. UNDP has also secured funding from the SDG Fund for operationalizing the INFF and platforms for local investment and resources mobilization.

The following are related projects and resources mobilized during this period:

Funding source		Amount	Purpose of / period covered by Funding
Rapid Response Facility	2020	267, 000	Support to community health response (health system strengthening)
UNDP Core resources	2020	250,000	Crisis management Community health response
UNDP Core resources reprogramming	2020	468,000	Crisis management and business continuity Community resilience, risk communication and social coherence
UN MPTF	2020	107,000	Procurement of mobile gadgets for community health workers (as part of a joint UN project on community response)
SDG Fund	2020 - 2022	469,000	Operationalization of INFF and resources and investment mobilization

The requested resources are expected to complement these initiatives by enabling communities to recreate activities for livelihood development and employment creation, to balance the requirement health and economic growth. The project will leverage the existing technology platforms and resilience strategies to enhance productivity and enable creation of localized market linkages. The Socio-Economic Impact assessment indicates that most of the food and livelihood sources have been affected by COVID-19, rendering most households and MSMEs vulnerable. The project will re-establish and introduce pathways

for integrating the MSMEs and local smallholder farmers into the local economy; integrating COVID requirements and demands; and support development of value chains to sustain the local demand. The requested resources will complement the existing projects by leveraging nature-based solutions to create a livelihoods safety nets and broaden beneficiation for economic growth. This will create a link between the people and planet solutions, creating incentives for youth participation and private investment.

UNDP is piloting models such as farmer field schools and energy centres through ongoing GEF-funded projects on resilience building and sustainable energy. These models provide a platform for peer learning and information sharing while also strengthening and complementing extension services at community level. The projects also provide platforms to raise awareness on available clean technologies that can among other support value-chains such as use of solar energy and energy efficient technologies for food processing.

Through the Lesotho Accelerator Labs, UNDP is continuously exploring local innovations and new partnerships that may complement development priorities. With lessons from the development of local digital platforms for health and market, the Lab will be useful in facilitating co-creation and developing quality standards for MSMEs and local producers.

**6. Risk mitigation** *(maximum 2,000 characters)*

*Identify the key risks that may threaten the achievement of results and describe how project risks will be mitigated.*

- Impact of COVID-19 on project implementation and local communities. Continue supporting local capacities to enhance community health and economic resilience and sustain preventive measures against the spread of COVID-19 at community level.
- Impacts of climate change impacts e.g., drought and hailstorms. Utilizing existing structures for protected crop production such as greenhouses, shade and hail nets provided by UNDP and FAO initiatives and promote water harvesting using existing capacities and skills from line ministries and communities.
- Coordination of partners investing in the agro- and nature-based development initiatives. UNDP will create a platform for engagement for partners for sharing information and best practices for development, and to exploit potential development synergies.
- Changes in the political governance in the country. UNDP will strengthen technical level engagement to ensure effective implementation of the project, that will withstand changes at the executive.
- Apathy within the stakeholder groups, particularly, the private sector and MSMEs to participate in the programme. Utilizing existing stakeholder groups and consultation platforms to build rapport and collaborative engagement with stakeholders.



BUDGET / WORKPLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES <i>List all activities including M&amp;E to be undertaken during the year towards stated CP outputs</i>	TIMEFRAME						RESPONSIBLE PARTY	PLANNED BUDGET*		
		2020		2021					Source of Funds	Budget Description	Amount
		Q3	Q4	Q1	Q2	Q3	Q4				
Output 1. Evidence-based policy environment and participatory engagement created for responsive and market-based interventions	1.1. Undertake a rapid assessment for locally produced food commodities and technologies			x				UNDP	UNDP	Consultants Communication and visibility Conferencing	50,000
	1.2. Provide market intelligence and information on selected commodities for MSMEs and smallholder farmers			x	x	x	x	UNDP FAO LNDC		Consultant Publishing	100,000
	1.3. Facilitate localized private – public dialogues and coordination			x	x	x	x	UNDP, FAO LNDC Government		Consultant Conferencing	10,000
	1.4. Develop knowledge products, policy briefs and recommendations on green economy			x	x	x	x	UNDP, LNDC		Consultant, design, printing	50,000
<b>Total Output 1</b>											<b>210,000</b>
Output 2. Capacity building and technical support for local producers to improve the volume, quality and	2.1. Support definition, development of local standards based on the Global Gap and other standards			x	x	x		UNDP, LNDC, BEDCO	UNDP LNDC	Consultants Communication and visibility Conferencing	100,000

diversity of products for local and international demand	2.2 <i>Develop simplified guidance on sustainable production and standards.</i>					x	x					
	2.3. <i>Develop content and curriculum for training of farmers based on the defined quality index</i>			x	x			UNDP, LNDC, FAO	UNDP	consultant		200,000
	2.4 <i>Provide technical support for farm and farm technologies management</i>			x	x	x	x	UNDP LNDC	UNDP LNDC	Consultants Conferencing		200,000
	2.5. <i>Establishing localized market centers for small scale producers</i>			x	x	x	x	UNDP, Ministry of Small Business, Private sector CSOs	UNDP Standard Lesotho Bank	equipment Communications Consultant		100,000
<b>Total Output 2</b>												<b>600,000</b>
Output 3. Innovative digital and green technology solutions developed, and technology-based interfaces created for linking producers to consumers and access to services	3.1. <i>Undertake a digital finance ecosystem assessment</i>			x	x			UNDP, FAO	UNDP	Consultant Conferencing Travel		20,000
	3.2. <i>Develop and pilot localized technology-based applications for market integration</i>				x	x		UNDP, Ministry of Communications	UNDP	communication, grants, experimentation		250,000
	3.3. <i>Support local production and promote green technologies value-chains development</i>			x	x	x	x	UNDP, FAO	UNDP	Consultants Conferencing Procurement of local materials development green technologies		200,000
	3.4. <i>Develop branding and tracking solutions for product packaging, look and tracing</i>					x	x	UNDP,	UNDP	Consultant Visibility materials Printing		50,000
	3.5. <i>Provide business training to youths and small entrepreneurs in food processing and technologies</i>											50,000
<b>Total Output 3</b>												<b>570,000</b>
<b>Project Management</b>				x	x	x	x					<b>120,000</b>
<b>Grand total</b>												<b>1,500,000</b>

*\*In line with Outputs with gender marker GEN2 or GEN3, it is recommended to allocate at least 15% of the funding to activities in support of gender equality and the empowerment of women.*

## RESULTS FRAMEWORK

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>4</sup>	BASELINE		MILESTONES AND TARGETS					
		Value	Year	2021				2022	
				Q1	Q2	Q3	Q4	Q1	Q2
Output 1. Evidence-informed based policy environment and participatory engagement created for responsive and market-based interventions	1.1. Up to date localized database on local products and productivity	0	2020			1	1	1	1
	1.2. Guidance/Strategy for transforming Lesotho's food system to be resilient, green and self sufficient	0	2020	0	0	0	1 (draft)	1 (stakeholder validated)	1
Output 2. Capacity building and technical support for local producers to improve the volume, quality and diversity of products for local and international demand	2.1. Volume of production by commodity in the districts	tbd	2020						
	2.2. Percentage of farmers adopting approved production methods and quality standards (disaggregated by gender)	0%	2020	0%	0%	0%	0%	10%	10%
	2.3. Number (% increase in ) farmers selling their produce in local market days (disaggregated by gender)	0	2020	0%	0%	0%	0%	10%	10%
	3.1. Percentage of farmers adopting smart technologies for production (disaggregated by gender, age)	0%	2020	0%	0%	20%	40%	50%	50%
Output 3. Innovative digital and green technology solutions developed, and technology-based interfaces created for linking producers to consumers and access to services	(3.1. Number of youths or local groups adopting green technologies for processing or packaging local produce	tbd	2020						
	3.2 Percentage of farmers adopting digital solutions for (a) market and (b) financial transactions	0%	2020	0%	20%	30%	50%	50%	60%

<sup>4</sup> It is recommended that projects use output indicators from the Strategic Plan IRRF COVID-19 indicators, as relevant. Due to the nature of the COVID-19 response work, quarterly milestones and targets are recommended. Monitoring will be conducted using the COVID-19 Monitoring Dashboard. Reporting will be streamlined into the COVID-19 reporting exercise (mini-ROAR and COVID-19 indicators.) No separate reporting will be required for rapid financing facility.

