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**Enhance productive capacity and improve market access for youth and women MSMEs for employment creation**

**Proposed Implementation Period: 2014 - 2017**

**Government of Lesotho**

**SUMMARY DATA SHEET**

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| **Programme Title** | **Enhance productive capacity and improve market access for youth and women MSMEs for employment creation** |
| **UNDAF Outcome(s)** | **UNDAF/CPD 2013-17 OUTCOME # 1:**  By 2017, public and private institutions promote increased investments, manufacturing, trade and financial services and create decent employment in an inclusive and sustainable manner. |
| **Expected CP Outcome(s)** | Outcomes as expressed above. |
| **Expected Output(s)** | * Capacities increased for creation of sustainable enterprises and employment creation * Access to sustainable financial resources and services, specifically for women increased * Access to markets through exploitation of value chain and market linkages strengthened and expanded * Strengthened related public-private policy dialogue and engagement |
| **Responsible Agencies** | Ministry of Trade, Industry, Cooperatives and Marketing , Ministry of Agriculture and Food Security, Ministry of Forestry and Land Reclamation, NGOs, BDS, Ministry of Gender, Youth, Sports and Recreation |
| **Implementing Partner** | UNDP, UN Women |
| **Executing Entity** | Ministry Of Trade And Industry, Cooperatives And Marketing, Ministry of Gender, Youth and Sports and Recreation |

**BRIEF DESCRIPTION**

The project is aimed at contributing to the economic development of Lesotho, and facilitating emergence of job-creating opportunities for youth and women. The project is focused on building the entrepreneurial capacities of Basotho youth and women to exploit business opportunities in employable sectors especially Agriculture, agro forestry and tourism. The project will be implemented in four interlinked components, over three years.

Working with the private sector and civil society organisations, the project will promote capacity building for creation of sustainable enterprises. In order to address the inherent problems related to capital requirements and business refinancing, a seed-fund to support business start-ups, micro loans facility and innovations will be set-up, to complement local financial institutions and the national initiatives. The project is modelled on promoting value chains, and leveraging mobile technology, research and on-line portals to facilitate access to both local and regional markets and promote viable enterprises and inclusive markets. The project will be implemented through business models such enterprise mix, value chain financing, mentorship and incubation support.

The project builds upon initiatives on youth employment, empowerment and financial inclusion to translate into employment creation for youth and women. The implementing partners for this project are the Ministry of Forestry, Ministry of Agriculture, Ministry of Trade, UNDP, NGOs and private sector.

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| Reg. Programme Period: | 2014 – 2017 |  | Total resources required: | **USD 3, 165, 000.00** |
| Atlas Award ID: | \_\_\_\_\_\_\_\_\_\_\_\_\_ | Total allocated resources: |  |
| Start date: | April 2014 | UNDP CO: |  |
| End Date: | December 2017 | Government: |  |
| Management Arrangements: | \_\_\_\_\_\_\_\_\_\_\_\_\_ | Other sources: |  |
| Implementing Partners | |  |  |
|  | Ministry of Development Planning | UN: |  |
| Beneficiaries | Government, agencies and populace | Bilateral Partners: |  |
| Others: |  |
|  |  | In-kind Contributions | To Be Determined |

**Agreed by:**

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| --- | --- | --- | --- |
| **1.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  Government of Lesotho | Date: | \_\_\_\_\_\_ /\_\_\_\_\_\_ / 2014 |
| **2.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  UNDP | Date: | \_\_\_\_\_\_ /\_\_\_\_\_\_ / 2014 |

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# Background

Population growth and recent demographic changes draw sharp development focus on critical issues relating to job creation for youth and women to address food security and economic stability. **With almost 200 million people aged between 15 and 24, Africa has the youngest population in the world** and by 2040 Africa’s labor force will be 1 billion making it the largest in the world; surpassing both China and India (McKinsey Global Institute, 2010). **Although many jobs have been created, there have not been enough to accommodate the number of young people in search of work**. The International Labor Organization (ILO) estimates that between 2000 and 2008 Africa created 73 million jobs, but only 16 million of these were for young people aged between 15 and 24. As a result, many young Africans find themselves unemployed or, more frequently, under-employed in informal jobs with low productivity and pay. This trend is not different from Lesotho.

Lesotho has a population of approximately 1.9 million people. The country’s demographic profile indicates a slight imbalance in the ratio of males to females as it stands at 107 males to every 100 females. Youth (age 15 – 35) comprise 39.8 per cent of Lesotho’s population which translates to 754, 468 individuals. At least 57.1% of Basotho are estimated to be living below the poverty line. Unemployment has been identified, by the Government and people of Lesotho, as one of the key development challenges confronting both women and youth, thus exacerbating vulnerability and poverty. Among youth, unemployment stands at 30.5 per cent with 74% having been unemployed for 6 months or more and 54 per cent having been unemployed for more than a year. According to the Bureau of Statistics (2008), a higher proportion of unemployed is observed among young women aged 20 – 24 at 32.7% and also beyond the age of 29.

Two factors stand out as major contributors to this situation. Firstly, Lesotho’s education system is skewed towards academic qualifications rather than skills acquisition, resulting in low levels of employable skills, further compounded by high dropout rates in the transitions from primary to secondary school as well as from secondary to tertiary schools. Technical institutions and vocational skills development programmes designed to provide employable skills to youth are poorly resourced; with inadequate infrastructure. Curricula have not been reviewed over years; lecturers and teachers have not upgraded their skills and the competence and expertise of graduates from these institutions/programmes do not match industry skills requirements.

Secondly, lack of an internally sustainable economic model, characterised by a weak private sector, mismatch between skills and needs, an undiversified productive capacity and limited access to entrepreneurial finance, and markets, have been identified as major contributors to this situation, and as such is unable to leverage economic expansion for labour productivity. Besides, productive sectors to stimulate employment are poorly resourced and have not gained the needed government budgetary support. This has resulted in a large employable labour and a thin employment resources base.

The Government of Lesotho (GoL) has identified micro, small and medium sized enterprises (MSME) development and a more private sector led development agenda as key strategy for employment generation. The Millennium Development Goals (MDGs), Vision 2020, the National Strategic Development Plan (NSDP), the UNDAF and UNDP’s Country Programme Document (CPD) all endorse employment creation as the strategy of choice for combating poverty and attaining an inclusive economic growth whiles ensuring political stability, peace and harmony. The project is further expected to have spin-offs with significant contributions to national development priorities include increased food security, tourism and reversing environmental degradation.

# ANALYSIS OF EMPLOYABLE SECTORS IN LESOTHO

Preliminary scoping studies involving stakeholder consultations and analysis of secondary data indicated several sectors in which youth and women employment may be created in Lesotho. Key among these, are agriculture, mining, tourism, construction, forestry and other service sectors. However, due to limited resources UNDP intervention will commence with sectors that will ensure maximum returns on limited resources while making the needed impact. This narrowed the choice to two sectors – agriculture and forestry which seem to harbour greater potential through market opportunities consumer demand, potential for employment creation, inclusive growth, diversity of impact (economic, environment, food security, and gender), minimum value chain entry obstacles, and consistency with government priority areas. In line with GoL’s target of creating, 10,000 jobs per year, this project is therefore a contribution to these efforts through the adoption of a value chain approach to employment and income generation.

## Agriculture

Agriculture is a key contributor to employment in Lesotho; though it contributes only 6.7% to GDP, and it accounts for 80% of the Basotho able-bodied population (ILFS, 2008). The sector nonetheless faces formidable challenges including, low labor productivity, low overall production and post-harvest skills, poor infrastructure, weak financing market coordination and severe environmental degradation linked to climate change, desertification, and soil erosion. All these factors are resulting in low productivity and profitability. There is a high demand for local agricultural produce by supermarkets but poor product quality, weak aggregation system and lack of compliance to gazetted accreditation standards as well as poor packaging remains a key challenge to address. Some of these challenges are being addressed by projects initiated in the agricultural sector including the Enhanced Integrated Framework and the World Bank/IDA/IFAD funded Lesotho Smallholder Agricultural Development Program (LSADP).

## Forestry

Increasing the tree coverage of Lesotho’s landscape as a way of environmental rehabilitation and combating the country’s severe soil erosion has become a major objective of the Government of Lesotho through the Ministry of Forestry and Land Reclamation. The Forestry Department, within this Ministry, is undertaking a number of projects such as tree planting, nursery establishment, apiculture training program and fruit tree development that present opportunities for youth and women job creation. These initiatives need to be supported and scaled-up to create business enterprises out of the current subsistence level of operation. Government has a target of planting 3million seedlings per annum. Inability to meet this target has; however, often compelled the Ministry to import seedlings from South Africa, an opportunity missed by the youth and women for employment creation. This sector also becomes attractive based on the ease of entry, and enterprise multiplier effects, as well as the current support already provided through the Ministry of Forestry.

## Creating employment through value chains

As indicated, the selected sectors also portray multiplicative opportunities for employment creation. The map below shows the various value functions and analyses challenges of actors as well as limitations of service providers and government in providing strategic services, and smooth the value chain in the fruits sector. By addressing these challenges, the project posits increased productivity and active labour force.



Table 1 Value chain analysis

Several varieties of deciduous fruits as well as a few citrus fruits grow very well in Lesotho. These include peaches, apples, pears, apricots, cherries, and grapes. While each of these fruits may have its own distinctive value chain, the generalised and simple value chain map as above analysis is used to reflect potential opportunities for women and youth as purported by the project in figure 2 below.

Table 2 Value chain stages and employment opportunities

Input supply

Production

Aggregation

Processing

Market

Nurseries for fruit trees

Nurseries for forest trees, Nurseries for vegetables seedlings

Orchards

Vegetable gardens

Market centres

Park houses

Market information

Fruit drying and packing

Jam-making and bottling

Fruit canning and bottling

Juice extracting

Transport

Aggregation centres

Production coordinators

Industry and market information (procurement portal and sms system)

Financing

Training and capacity building

# PROJECT DESCRIPTION

The project will use agro forestry and horticulture as entry sectors to create sustainable employment for youth and women in Lesotho. The choice of these sectors is in recognition of the fact that agriculture and agro forestry have multi-functional roles in development including the potential for delivering environmental and socio-cultural benefits including ecosystem services, rural livelihood enhancement, enhancing food security and providing inputs for forward-linked industries. In addition, the project will pay particular attention to the needs of the vulnerable populations, especially the youth and women living with and affected by the HIV and AIDS pandemic. It will build on government’s priority areas described in the National Strategic Development Plan and take into consideration key programmes such as that of the Ministry of Gender and Youth, Sports and Recreation, Ministry of Forestry and Land Reclamation, Ministry of Agriculture and Food Security, the Ministry of Trade and Industry Cooperatives and Marketing and LUNDAF.

The NSDP puts amongst its priorities the need to create at least 50, 000 jobs in 5-years, 2013 - 2017. Within the same context, the UN (Lesotho) has committed to contribute by creating at least 5, 000 jobs, in the plan period. The Youth and Women Employment Promotion Project will be executed in three years, with an objective to create employment opportunities for youth and women through emergence of SMEs in especially in agro forestry, horticulture and related value chains. The project is anticipated to generate employment for 1000 people, distributed at 50% women, 20% young women and 30% young men.

## Project Goal and Objectives

The goal of this project is to pursue high, shared and employment creating economic growth and enhance the skills base for innovation and technology adoption. This will further contribute to poverty eradication and accelerate economic growth by creating opportunities for employment, for women and youth through promotion of inclusive markets and development.

The specific objectives for the project are to:

* Build capacity and develop skills for women and youth groups through delivery of sustainable extension services and entrepreneurial training for improved productivity to access local and foreign markets
* Promote environmentally sustainable inclusive markets models through development of both local and cross-border value chains by fostering establishment of forward and backward linkages for both entrepreneurship and enterprises development.
* Provide opportunities for increased access to finance through establishment of an innovative fund that targets progressive projects with all the attributes for employment creation. UNDP will use its expertise in financial inclusion program to support development of a loans package for deserving groups and individuals.
* Initiate policy dialogue between the private sector, government and development partners encouraging development of a conducive policy, legal and regulatory framework.
* Explore the feasibility of establishing a safety net programme and develop linkages with other social protection schemes to mitigate the impact of natural disasters or other unforeseen crisis on the livelihood of entrepreneurs and SMEs.

## Project Components

The Government of Lesotho intends to adopt value chain-based SME development models for employment creation, entity sustainability and integration into economic systems. Focusing on efforts in agro forestry, horticulture and project spinoff thereof, the project spans four focus areas: capacity building, finance, markets and policy engagement. A collective impact of these efforts will be constantly monitored and filtered through economic studies, dialogues, surveys and feedback from stakeholders. Specific components to be implemented in the project are:

### Component 1 Capacity building and enterprises development

In partnership with UNDP and other NGOs, private sector formations and other business development agencies, GOL will proactively engage women and youth beneficiaries within the existing enterprises, companies and community-based organisations, through a training program for entrepreneurship, business management and technical support, as well as post training support including mentorship programs, networking and knowledge building and sharing. A rapid assessment will be undertaken to identify potential beneficiaries, partner NGOs and associations as well as focus districts. Community development strategies such as self-help groups, voluntary savings and credit, will be encouraged to enhance productivity, per support and resources mobilisation.

The project will adopt business management models focusing on existing and potential entrepreneurs, for skills development, mentorship and to accelerate enterprises establishment. A needs assessment and training plan for operating and establishment of new self-help groups will be developed, with special attention to people living and affected with HIV and AIDs. Continuous capacity development will be ensured by adopting modular training, offering refresher courses, internship, and mentorship. This will address the issues of poor quality, inconsistent production cycles, and low commitment levels. Environmentally sustainable productivity enhancement technologies, systems and capacities will be rolled out including access to improved production and post-harvest handling and processing techniques, adherence to good practices, compliance to quality control and assurance practices, applied research and product development.

Additionally, key private and public sector institutions providing support services will be targeted for capacity strengthening and standardisation of training modules. These institutions will also be assisted to mobilize resources to enable them to offer relevant, timely and professional services to targeted project beneficiaries.

### Component 2 Access to Finance and Financial Resources

The project will set –up a fund targeting business start-ups, grants for innovations and loans systems in partnership with the micro finance institutions in Lesotho. Building on the successful initiatives of the GoL and UN on inclusive finance, the project will mobilise resources dedicated to development of women and youth –led enterprises. Further, these resources will be used to strengthen the micro finance industry in Lesotho, by exposing alternative investment opportunities and product diversification that may accelerate access to finance.

A three –pronged financing mechanism will be used to support the following:

* New business start-ups with potential to create employment
* Competitive grants for innovative projects in agro forestry, horticulture or technology,
* Small grants through micro finance institutions, to support market access, product diversification and increased productivity. UNDP will identify and establish partnerships with micro finance institutions to extend micro loans as well as provide monitoring and technical support.

A competitive process for management of the grant for microloans is proposed, while the grants will be managed directly by UNDP. Furthermore, UNDP will continue to engage with financial institutions, inclusive of the commercial banks, development finance institutions such as LNDC and PCGF, and MFIs to explore and develop packages for youth and women entrepreneurs, in particular for the disabled and those living and affected by HIV and AIDs. This component will focus on:

* Developing inclusive financial systems that recognize both the market potential and the development opportunities to provide banking and financial services to emerging and existing enterprises.
* Enhancing innovative financing mechanisms to enhance the ability of financial service providers, including micro-finance institutions and commercial banks to provide access to SMEs in selected value chains.
* Providing variety of alternatives to clients including private, non-profit and public providers and offer wide range of financial services including credit, equity, grants, guarantees, development finance and other shared risk instruments and mechanisms.
* Building the capacities of MSMEs and supporting them to develop business plans and bankable proposals to secure financing.
* Promoting and supporting innovative financing strategies to reduce cost and ensure deeper penetration of financial services to project areas through mobile money, mobile banking, the use of retail and post-office outlets.

In order for the full benefits of financial interventions to be realised, the project will comprehensively deal with the issue of low financial literacy and management systems of SMEs. An intensive programme to build competencies of SMEs and their employees in non- financial services like record keeping, costing, pricing, accounting, development and implementation of financial management systems will have to be undertaken prior to the roll out of financial services outlined above. Again relevant support service providers will also be targeted and trained to provide continuous support.

### Component 3 Access to Markets and Supply Chain Strengthening

In order to ensure enterprise sustainability and growth, the project aims to facilitate integration and access to markets at local, national and regional levels through research, and capacity building related to the value chain approach. Value chains have a higher potential to contribute to inclusive economic growth and poverty reduction, by creating more opportunities for employment and job opportunities. Agricultural based markets, local and abroad, will be exploited to promote creation of small enterprises for women and youth. Strategies that include data collection, research and mobile technology will be used to ensure information flow, access and generation. Sustainable value chains are highly dependent on availability and accessibility of information for all the players.

Studies reflect that Lesotho producers face rigorous challenges in accessing both local and regional markets. Research –based innovations, including partnerships with both private and public partners will be mobilised to provide innovative solutions for transport, collections and delivery. Lack of investments in key issues such as pack - houses, slaughter-houses or market centres pose a challenge for sustainability. This will be overcome by exploiting local markets, twinned with continuous training. Strategies such as production aggregators and value-chain based financing will also be explored for delivery to markets.

The project will embark on market promotion activities such as trade exhibition, match-making and business-to-business alliances. The project will support development of research-based information packs and support MSMEs to prepare business profiles and products to be promoted at regional and overseas markets. The project will liaise with Lesotho Missions abroad to promote made-in-Lesotho products and create more market opportunities for MSMEs. The project will seek collaboration with local, regional and other market oriented development agencies to help promote products of MSMEs in the international markets, as well as exploring south – south partnerships and to leverage technology.

### Component 4 Improved Private –public dialogue and engagement

By promoting strategic policy dialogue between the private sector, government, development partners and project beneficiaries, the project will encourage development and adoption of laws, regulations and policies, regulatory framework conducive to growth of youth and women-led enterprises. This component is expected to be consitent with the proposed implemetation strategies and areas of the MSME policy, to facilitiate its implementation and adoption, as well as promote transformation of the sector. It will be driven by experiences on the ground, impediments to business and growth as well as policy interpretation.

## Project location, target beneficiaries, and identification

The project targets youth and women, as individuals and/or organised groups interested in market oriented horticulture and forestry production, and related industries. The women category is defined to include enterprising and unemployed/underemployed women of child-bearing age, willing to participate and with basic resources and skills to engage in similar projects, while youth would be unemployed and underemployed youth with interest to start own businesses. Specifically, youth graduates from agricultural colleges in the country will be targeted to build the skills base and stronger mentorship networks. Groups and organised production associations will be encouraged for scale, peer support and ease of coordination. In both groups, the basic requirement is interest and self-motivation to become part of the project. This project is expected to support establishment and nurturing of at least 1, 000 enterprises, with average employment of 3 people each. This will be distributed to include 70% women (55% older women: 45 % young women) and 30% young men.

A three -pronged strategy will be used to identify beneficiaries: NGOs and Ministry of Gender, Youth and Sports Affairs, as well as other government programs that may be relevant in this project, will be approached to advance existing groups that may be supported for expansion and technical support, and new groups will be formulated based on demand or potential for employment creation; an open call for participants and support from the district councils in the target areas will also be used to attract new entrants. All capacity building program will be offered by the project, while participants will be required to demonstrate interest, commitment and basic resources relevant to the project focus areas. Financial resources will be availed per governing policy guidelines.

Although the project is expected to have a country-wide impact, it will be piloted in the districts of Berea and Botha-Bothe. This selection is based on the comparative poverty profile in these districts, and availability of other UNDP-supported projects in the areas. Botha-Bothe has the highest poverty head count ratio at 67%, while Berea has the largest number of poor people at 139, 496. Botha-Bothe has a total population of 110, 320, while Berea has 250, 000 people. The most apparent challenge in these areas would be access to roads infrastructure, market facilities and availability of options for financial resources. This project is therefore expected to identify potential support and synergies within the districts to meet these challenges. Further research will be undertaken to ascertain productivity potential in each area.

## Linkage to ongoing national Programs

The project emphasises GOL’s commitment towards poverty eradication and promoting inclusive economic growth through employment creation and opportunities for youth and women. It is expected to harvest some of the outcomes and milestones on the previous projects that focused on youth and women empowerment as well as financial inclusion. The proposed project is linked to the focus areas of the national policy frameworks such as the National Strategic Development Plan, Vision 2020 and attainment of MDGs and UNDP.

This initiative is also expected to link very well to the on-going fiscal decentralisation and sustainable land management projects for ownership and sustainability, respectively. It is expected that proposed interventions in this regard will be a translation of the local priorities through initiatives at community level. The project also ties in with the UNDP commitment for development of sustainable land management for poverty eradication and food security. Promoting micro, small and medium enterprises is also expected to provide income diversification and employment creation in the sector.

The project is also expected to complement and draw synergies from other initiatives in the country, including government–led and donor-facilitated projects. Several projects are currently being implemented in the sector; for growth of agro forestry industry and MSME development. The Ministry of Forestry and Land Reclamation, which is expected to anchor development of forestry enterprises, is already involved in building water conservatory tanks, training of individuals and groups on seedlings production as well as forest products. The Ministry further provides the highest market for seedlings produced in the country; the total demand is 1.5 million seedlings per annum. Technical support for fruits, horticulture projects will be sourced from the Ministry of Agriculture, through technical and extension services.

Furthermore, this project is expected to use the lessons and experiences drawn from other projects in the sector such as the Private Sector Competitiveness Project (PSC), Smallholder Agricultural Development Project (SADP), Enhance Integrated Framework (EIF) and the UNDP GEF and SLM projects. Adopting value chain –based models for job creation in agro forestry, will therefore elevate the achievements in these sectors as well as increase the productivity and wealth creation. The project further offers opportunities to exploit and complement the existing initiatives with more defined results.

# IMPLEMENTATION STRATEGY

## Strategy

Flexible business models consistent with the value chain approach such as mixed - enterprises, innovative financing packages, partnerships, will be adopted to guarantee effective delivery of project activities. Based on the project components, the project implementation process will be phased to facilitate planning, stakeholder engagement and output measurement. The resulting work plan addresses pioneering activities such as research, stakeholder identification and partnerships development, resource mobilisation and development of project implementation and management systems. The second phase focuses on implementation of project activities and measuring results, in year 2 and 3.

### Output 1 Capacities increased for creation of sustainable enterprises and employment creation

1. **Capacity Development**

The project targets private and public business development services providers to deliver differentiated skills development and training based on the skills levels and knowledge of target beneficiaries. Consultative meetings with major institutions that provide business, technical and financial services to MSMEs clearly show the need for skills upgrading and resourcing. It may be necessary at this point to develop a standardised capacity building model to be applied in the project, with support from other development partners and agencies such as UNCTAD and ILO. UNDP will be expected to engage relevant experts and firms to provide the needed technical knowledge and business management skills in forestry and agricultural value chain development to the above-mentioned institutions.

Technical support and training on specialised skills will be sourced through partnerships with the Ministries of Forestry and Land Reclamation and Ministry of Agriculture, as well as other institutions. A total of 5, 000 youth and women are targeted to be reached through technical and business management training, in three years. UNDP will be expected to foster strategic linkages, partnerships and alliances with regional centres of excellence, established technical institutions to facilitate knowledge exchange and capacity building as well as expand access to relevant but unavailable resources. Mentorship programmes and on-the-job-training, including through south-south cooperation, will be initiated.

1. **MSME Development**

This will be the central pillar of the project, and a conduit for employment creation. This will be targeted at existing MSMEs as well as start-ups and employable, but currently out-of-work labour force in the agriculture and forestry value chains. In tandem with the value chain approach, MSMEs operating along the value chains identified above including producers, processors, aggregators and marketers will be selected and supported. For these existing businesses, support will be premised on a review of existing product or service, skills levels and systems, human resource requirements, marketing, market access as well as relevance in the identified market. Capacity building will be at both the entrepreneur/owner and employees levels.

Local Market operations are largely dominated by youth and women operating in both formal and informal sectors. The project will expand job opportunities within the local market setting by building operators’ business and entrepreneurial capacities in efficient supply systems, negotiation skills, product handling and presentation, storage and post-harvest handling

### Output 2 Increased access to finance

The operations of the project will be facilitated through the establishment of Entrepreneurship Development Fund, a cost share seed funding provided by the Government of Lesotho and development partners like UNDP. As indicated, the fund will be used to finance capital requirements for start-ups and existing businesses, through grants and micro loans facility. The Entrepreneurship Development Fund (EDF) will adopt a three – pronged strategy, being micro-loans to MSMEs, innovative grants (through competition) and grants based on demand. It will target productivity improvements, product diversification, and growth through technology development or organizational innovations.

In order to strengthen diversification and innovation in the financial sector, the micro loans facility will be opened to competition to NGOs or companies with innovative financial products. The company will be expected to adopt various strategies in value chain financing to deliver the financial products, as well as encourage productivity. This will not only provide required funding for the project, but it will also provide financial independence brought about by guaranteed market access.

To realize full benefits of financial interventions, the project will comprehensively deal with the issue of low financial literacy and management systems of SMEs. An intensive programme to build competencies of MSMEs and their employees in Non- financial services like record keeping, costing, pricing, accounting, development and implementation of financial management systems will be undertaken prior to the roll out of financial services outlined above.

### Output 3 Strengthened and expanded access to markets through exploitation of value chain and market linkages

The project will strengthen internal and external research and profiling for markets, facilitate development of an on-line marketing portal, which will provide a database on required commodities per time, with quantities, and potential buyers, as well as provide a list of potential suppliers who may be contacted for orders. Effective participation of the private sector is required to make this a success. The Department of Marketing will be empowered to manage this portal, with support from an independent private sector practitioner. The department will also be required to research and maintain this database.

Using the mobile platform and other technological innovations, the project will promote generation and sharing of market and sector-specific data, targeted at project beneficiaries and stakeholders. Initiatives aimed at promoting use and proliferation of mobile technology to enhance access to finance, information related to markets, climate change and industry developments will be encouraged. Being a value –chain based project, early mobilisation and participation of private sector, as well as mapping and identification of markets and product requirement become essential. Project beneficiaries will be engaged through mobile technology on any new data on demand for commodities per time.

Innovations for effective value chain support and operation are necessary to ensure seamless production to market process. The identified groups of women and youth will be linked through an aggregator/outlier models, some of the commodities will be collated for a joint supply to identified markets. Additionally, the project will build the capacities of beneficiaries to understand and adhere to market requirements.

With support from other partners, it will institute export readiness program to develop the export capacity of micro, small and medium sized enterprise in Lesotho. By building capacity for production, marketing and export, these companies will get access to the export market and will be enabled to create sustainable employment possibilities as well as a living income for themselves. The external opportunities as well as the internal bottlenecks including quality, product development, logistics, packing, market information and requirements, marketing, communication, certification for export of products by beneficiary enterprises will be addressed and levelled out within the program. This programme will be achieved through training sessions, participatory workshops, market research, intensive coaching of the companies involved, product development, marketing visits and matchmaking.

Additional support will be provided as working capital where necessary, to increase volume of trade, improve frequency of supply as well as upgrading operations within the selected value chain. Where possible, this project will support end market operators to improve upon basic market infrastructure that will enhance their visibility and attract more buyers. Further research will however be required on export markets and the extent to which the international certification would be involved in the training and certification of local farmers.

### Summary of Total Employment Generated

Figure 3 below reflects a simple value chain analysis for horticulture products in Lesotho. This project is expected to connect the opportunities and gaps presented in this value chain to facilitate employment creation.



*Table 3 Lesotho Horticulture Value Chain (FAO, 2012)*

Due to the complexity and dynamics per value chain, the illustrated employment figures in this case, assume a direct employment process, which may underestimate or overestimate the employment that may be created per value chain. Some employment could be seasonal, which may need aggregation during peak periods, and accurate interpretation. Table 1 below, reflects the illustrative employment figures per value chain actor, in the sector:

Table 4 Analysis of expected employment opportunities

| **VC Actor** | **Type and number of players** | **Assumptions** |
| --- | --- | --- |
| Market | Wholesalers (tbd)  Retailers (tbd)  Informal market (street vendors, general consumers) (tbd) |  |
| Aggregators | Transporters (5) | Depend on the production volumes and demand |
| Processors | Cottage industries (50)  Apiculture (100)  Packers |  |
| Farmers | Collectors and farm labourers  Farmers   * Orchards * Vegetable producers | Seasonal. |
| Input suppliers | Seedlings   * Fruits (50) * Woodlots (100) * Vegetables (150)   Others (seeds, pests control, fertilizers) | * 150 producers ( to make 1, 000, 000 trees per year) * Each tree producer is also a vegetable seedlings producers |
| Service providers | Extension services, Marketing officers, data collectors and analysts, dissemination | * Private or public institutions may provide the service |

# RESULTS AND RESOURCES FRAMEWORK

| **Outputs/Output indicators** | **Outputs Targets/Baseline** | **Indicative Activities** | **Responsible parties** | **Inputs** | **Budget** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Yr. 1** | **Yr. 2** | **Yr. 3** | | |
| **National Priority:** High shared and employment creating economic growth | | | | | | | | | |
| **UNDAF Outcome:** By 2017, public and private institutions promote increased investments, manufacturing, trade and financial services and create decent employment in an inclusive and sustainable manner | | | | | | | | | |
| **Outcome indicators:** | | | | | | | | | |
| **Indicator 1:** Number (#) of jobs created for women and youth. **Baseline:** 1,340 jobs created by UN efforts in 2012/13 for women and youth **Target:** 5,000 jobs created for women and youth | | | | | | | | | |
| **Indicator 2**: # of people accessing microfinance **Baseline:** 16.3% of rural and urban Basotho have no access to financial services **Target:** Lack of access to financial services reduced to 15% and 10% in rural & urban areas respectively (50% of Basotho accessing formal insurance services) | | | | | | | | | |
| 1. **Capacities increased for creation of sustainable enterprises and employment creation** | | | | | | | | | |
| **Indicators:**   * Number of BDS/TSPs trained * Number of youth/women groups identified for participation in the program; * Number of HIV infected youth/women identified for participation in the program * Number of women/women trained on entrepreneurship skills * Number of women and youth trained in formation of cooperatives?? * Number of businesses established | **Target 1**:  Capacity needs assessment report  A training model and manual  000 youth and women identified and supported on technical and business management training;    Yr. 1: 1000; Yr. 2: 2000; Yr. 3: 2000  **Baseline:** 65 women trained on EMPRETEC (2013) | 1. Delivery of standardised capacity building program (ToT) 2. Capacity building assessment and delivery 3. Deliver training program and skills development 4. Identify mentors and technical resources for lessons learnt and best practice replication 5. Provision of targeted mentoring support 6. Provision of mentoring | MFLR, UNDP, MAFS, UNCTAD, ILO, FAO, NGOs, UN Women | Consultants, Stakeholder consultations, travel | $131 500.00 | $236 700.00 | $157 800.00 | | |
| 1. **Increased access to finance and financial resources** | | | | | | | | | |
| 2(a). Provide grants for business start-ups; innovations and microloans  **Indicators:**   * Number of women and youth received support in accessing business finance * Number of businesses funded; * Number of HIV + led businesses funded * Number of businesses reporting change in income * Number of people employed | **Target: 2500 loans offered**  **10 innovation grants awarded**      **Baseline:** 700 (Moliko: 2013) | 1. Establish the entrepreneurship development fund; 2. strengthen partnerships with local FSPs for increased funding opportunities 3. Capacity building for effective loans and financial management (financial literacy programs) | UNDP; MITCM, MF, NGOs/MFIs, UN Women | Consultants, MFIs, | $255 500.00 | $459 900.00 | $306 600.00 | | |
| 1. **Strengthened and expanded access to markets through exploitation of value chain and market linkages** | | | | | | | | | |
| **Indicators:**   * # of opportunities based on value chain analysis for local products; * #Number and value of market contracts secured * Number of research for new markets and product diversification; availability of market data (buyers and suppliers) * Number of people registered and using ICT and mobile technology for information access * Volume and value of sales * Volume of market through the portal | **Target:**   * Establishment of the on-line procurement portal * ICT/mobile technology based system for access to market and sector-specific information sharing | * Rapid assessment on the markets and opportunities for linkages for local products and value chain mapping; * Strengthen research on markets, data collection and analysis * Capacity building * Brokering and replication of technological innovations for information exchange, collection and dissemination (cell phones and ICT) * Develop strategies for linkages development and best practices for markets exploitation | UNDP; MITCM, MAFS, MFLR; NGOs, Private sector | Consultants, stakeholder consultations, meeting/workshops, | $211 000.00 | $379 800.00 | $253 200.00 | | |
| 1. **Public and private sector engagement strengthened** | | | | | | | | | |
| **Indicators:**   * Number of forums hosted per annum * Number of businesses adopting and implementing women empowerment principles * Number of businesses adopting preferential procurement for women * Number of policies/regulatory framework implemented/reviewed * Number of gender responsive? policies formulated an facilitated | **Targets**: tbd | Identify partners and issues for forums | UNDP, UN Women; Private Sector Foundation, Ministry of Industry, Trade, Cooperatives and Marketing, | Meeting, preparations | $ 30 000.00 | $ 60 000.00 | $ 60 000.00 | | |
| 1. **Program Management and support** | |  |  |  |  |  | |  |  |
| A functional project management and support structure | * Staffing * M&E Framework * Project implementing partners in place * Project management reports | * Project design and development * Project governance and reporting * Project staffing * Project management and administration * Project Plan, Monitoring and Evaluation framework * Beneficiary selection criteria * Service providers * Administrative and financial policies | UNDP, UN Women | Consultants, project management team | $ 155 750.00 | $ 280 350.00 | $ 186 900.00 | | |
|  |  |  |  |  | **$783 750.00** | **$1 416 750.00** | **$964 500.00** | | |

# ANNUAL WORKPLAN: (Yr 1 – Yr 3)

| **EXPECTED OUTPUTS** | **PLANNED ACTIVITIES** | **RESPONSIBLE PARTY** | **PLANNED BUDGET** | | | | | | **TIMEFRAME** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *And baseline, associated indicators and annual targets* | *List activity results and associated actions* | **Funding Source** | **Budget Description** | | | **Amount** | | **Yr 1** | | | | Yr 2 | | | | | Yr 3 | | | |
| **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** |
| **Output 1. Capacities increased for enterprises development and employment creation**  **Baseline:***tbd* | 1.1. Delivery of a Standardised capacity building program |  |  |  | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 1.1.1. Mapping of BDS and available training packages | UNDP, | UNDP | Consultants, stakeholder meetings, | | | $9 000 | |  |  | X | X |  |  |  | |  |  |  |  |  |
| 1.1.2. Develop and publish ToR for invitation of BDS participation | UNDP, MITCM | UNDP | advertising, assessment | | | $ 1 000.00 | |  |  |  | X |  |  |  | |  |  |  |  |  |
| 1.1.3. Develop and deliver a standardised training program to participating BDS (TOT) | UNDP, ILO, UNCTAD, NGOs | UNDP | Consultants, workshops, travel, stationary, venue | | | $10 000 | |  |  |  | X | X |  |  | |  |  |  |  |  |
| **Indicators:**   * Number of people engaged in the project; * Number of BDS engaged; * Number of people trained; | 1.1.4. Training of DOM technical staff on research and product development, post harvesting and handling (quality control) | MTICM, UNDP | UNDP | Consultants, Workshops, stationery, venue | | | $20 000 | |  |  |  |  | X |  |  | |  |  |  |  |  |
| **Targets Y1:** | 1.2. Capacity building and training (beneficiaries) | UNDP, MGYSR, MITCM |  |  | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 1.2.1. Identify and codify project beneficiaries | NGOs, MFLR, MAFS, MGYSR, | UN Women | travel, stakeholder meetings, | | | $5 000 | |  |  | X | X |  |  |  | |  |  |  |  |  |
| 1.2.2. Develop and publish ToR for capacity and training needs assessment | UNDP | UN Women | advertising, assessment | | | $1 000 | |  |  |  | X | X |  |  | |  |  |  |  |  |
| 1.2.3. Develop a training needs assessment report, training manuals and plan | UNDP, MITCM, MGYSR, NGOs, | UN Women, UNDP | Consultants, workshops, travel, stationary, venue | | | $21 000 | |  |  |  |  | X | X |  | |  |  |  |  |  |
| 1.2.4. Deliver training program | BDS, MTICM, MGYSR | UNDP | Consultants, workshops, travel, stationary, venue | | | $ 350 000 | |  |  |  |  |  | X | X | | X | X | X |  |  |
| 1.2.5. Identify mentors and resources for best practice and lessons learnt | UNDP, MAFS, MFLR, MITCM | UNDP | Consultants, stakeholder Consultations, reports, workshops | | | $50 000 | |  |  |  | X |  |  | X | |  |  |  |  |  |
| 1.3. Support establishment and development of enterprises | MTICM, BDS, NGO, UNCTAD | GoL, UNDP | stakeholder Consultations, reports, workshops | | | $60 000 | |  |  |  |  | X | X | X | | X | X | X |  |  |
| **Total for Output 1** | | |  |  | | | **$526 000** | |  |  |  |  |  |  |  | |  |  |  |  |  |
| **Output 2. Access to sustainable financial resources and services, specifically for women and youth, increased** | 2.1. Establish the entrepreneurship development fund |  |  |  | | |  |  | |  |  |  |  |  |  | |  |  |  |  |  |
| 2.1.1. Support development of financing models for increased access to finance, (capacity building, training | MTICM, UNDP | UNDP | research, stakeholder consultations, reports, workshops | | | $10 000 | |  |  | X | X |  |  |  | |  |  |  |  |  |
| **Baseline: *tbd*** | 2.1.2. Information dissemination on market potential and development opportunities. E,g, enterprise budgets | MTICM, UNDP | GoL, UNDP | Market Information day, radio/TV programs, Trade Fairs, publishing media | | | $60 000.00 | |  |  |  |  |  |  | X | | X |  |  |  |  |
| 2.1.3. Develop a policy guideline for accessing the funds | UNDP, UN Women | UN Women | Consultants, stakeholder meeting | | | $2 000 | |  |  |  | X | X |  |  | |  |  |  |  |  |
| 2.1.4. Deliver financial resources | UNDP | UNDP, UN Women | stakeholder meetings | | | $900 000 | |  |  |  |  |  | X | X | | X | X | X | X |  |
| **Indicators:**   * Number of businesses funded * Number of businesses established; # of people employed | 2.2. Develop partnerships with MFIs/FSP |  |  |  | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 2.2.1. Support development of simple financing packages for the sector | MTICM, UNDP, | UNDP | stakeholder Consultations, reports, workshops | | | $10 000 | |  |  |  | X | X | X | X | |  |  |  |  |  |
|  | 2.2.2. Identify and leverage on other funding opportunities | UNDP | UNDP | research, meetings | | |  | |  |  |  | X | X | X | X | | X |  |  |  |  |
| **Target:**   * Y1. A funded entrepreneurship fund, * Yr 2. Availability of financial products available for the low-income; * Yr 3. Increased access to finance | 2.3. Design and deliver financial education programs | BDS, NGOs, MFIs | UNDP, UN Women | Consultants, stakeholder Consultations, reports, workshops | | | $100 000 | |  |  |  |  | X | X | X | | X | X | X | X | X |
| **Total for Output 2** | | |  |  |  |  | **$1 082 000** | |  |  |  |  |  |  |  | |  |  |  |  |  |
| **Output 3. Access to markets through exploitation of value chain and market linkages strengthened and expanded** | 3.1. Undertake a rapid assessment for local markets and linkages opportunities for local products | UNDP, MITCM | UNDP | Consultants, stakeholder Consultations, reports, workshops | | |  | |  |  | X | X |  |  |  | |  |  |  |  |  |
| **Indicators:**   * # of opportunities available for youth and women (VC-based); * # of people registered and using the procurement portal, * # of sms sent on market/industry information; * # of people accessing markets through the project | 3.1.1. Research and alignment of supply and market contracts for SMMEs | MITCM, UNDP | UNDP | stakeholder consultations, reports, meetings | | | $24 000 | |  |  |  | X | X | X | X | | X |  |  |  |  |
| **Baseline: *tbd*** | 3.1.2. Design and populate a value chain process and support identification of actors | MITCM | UNDP | stakeholder consultations, reports, meetings | | | $10 000 | |  |  |  |  | X | X | X | | X | X |  |  |  |
| **Target**  **Y1.** Rapid assessment on local markets and options;  **Yr2**. On-line procurement portal and IT- based information solutions created;  **Yr3** . Consistent market information and data dissemination | 3.2. Research and development | MITCM, UNDP, MGYSR |  | Consultants, stakeholder Consultations, reports, workshops | | |  | |  |  |  |  | X | X | X | | X |  |  |  |  |
| 3.2.1. Capacity building for research and data analysis | MITCM | GOL, UNDP | Consultants, stakeholder Consultations, reports, workshops study tours to established value chain. | | | $100 000 | |  |  |  |  | X |  |  | |  |  |  |  |  |
| 3.2.2. Market and sector data collection and analysis | MITCM, MAFS, MFLR | GOL, UNDP | Stakeholder consultations, reports, | | | $ 30 000 | |  |  |  |  | X | X | X | | X | X | X | X | X |
| 3.2.3. Market research | MITCM | GOL, UNDP | Research, stakeholder consultations, | | | $100 000 | |  |  | X | X | X | X | X | | X | X | X | X | X |
| 3.3. Information dissemination |  |  |  | | |  | |  | X | X |  | X |  |  | |  |  |  |  |  |
| 3.3.1. Develop on-line portal for procurement | UNDP, MNOs | UNDP | Research, consultants, stakeholder consultations | | | $50 000 | |  |  |  |  |  | X | X | | X |  |  |  |  |
| 3.3.2. Development of IT-based information dissemination system | UNDP, MNOs | UNDP | Research, consultants, stakeholder consultations | | |  | |  |  |  |  |  |  |  | | X | X |  |  |  |
| 3.4. Market access |  |  |  | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 3.4.1. Design and publish promotional items for the products | MITCM | UNDP | Research, stakeholder consultations | | | $10 000 | |  |  | X |  | X |  | X | |  | X |  | X |  |
| 3.4.2. Organise and support participation in organised market activities | MITCM | UNDP | Research, stakeholder consultations | | | $10 000 | |  |  |  | X |  | X |  | | X |  | X |  | X |
| 3.5. Provision of production resources | MTICM, MAFS | GOL | Supply of inputs to the beneficiaries | | | $450 000 | |  |  |  |  |  | X |  | |  |  |  |  |  |
| 2.1.2. Information dissemination on market potential and development opportunities. | MTICM, UNDP | UNDP | Market Information day, radio/TV programs, Trade Fairs, publishing media | | | $ 60 000 | |  |  |  |  |  |  | X | | X |  |  |  |  |
| **Total for Output 3** |  |  |  |  | | | **$ 844 000** | |  |  |  |  |  |  |  | |  |  |  |  |  |
| **Output 4. Public and private sector dialogue and engagement strengthened** | 4.1.  Host PPD and forums | MITCM, MFLR, MGYSR, MAFS, BDS, NGO, UNDP | UNDP, GOL | Consultants, stakeholder Consultations, reports, workshops | | | $ 150 000 | |  |  |  | X |  | X |  | |  | X |  |  | X |
| Indicators:  # of forums held;  # of policies implemented | 4.1.1. Identify PP dialogue issues | UNDP, GOL |  | |  |  |  |  |  |  |  |  | |  |  |  |  |
| 4..2.   Develop institutional partnerships for effective participation | UNDP, GOL |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| **Total for Output 4** |  |  |  |  | | | **$ 150 000** | |  |  |  |  |  |  |  | |  |  |  |  |  |
| **Output 5. Functional project management system set-up** | 5.1. Project design and development | UNDP | UNDP | Consultants, stakeholder Consultations, reports, workshops | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 5.1.1. Finalise project document, design and planning | MDP, UNDP, MTICM, MGYSR | UNDP | Stakeholder meetings, reports, | | | $10 000 | | X | X | X |  |  |  |  | |  |  |  |  |  |
| 5.1.2. Resource mobilisation: develop a resource mobilisation strategy | MDP. UNDP, MTICM, MGYSR | UNDP | travel, partner meetings | | | $5 000 | | X | X | X | X | X | X | X | | X |  |  |  |  |
| 5.1.3 Codify best practices for selection of implementing partners and beneficiaries | UNDP, MTICM, MGYSR | UNDP |  | | |  | | X | X | X |  |  |  |  | |  |  |  |  |  |
| 5.2. Project governance |  |  |  | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 5.2.1. Set-up a project steering committee | UNDP, MDP, MTICM | UNDP | Stakeholder meetings, reports, Committee meetings | | | $5 000 | |  | X |  | X | X | X | X | | X | X | X | X | X |
| 5.1.2. set - up project management processes (Reporting, contracting, coordination, training, communication) | UNDP, MDP | UNDP | Consultants, stakeholder Consultations, reports, workshops | | |  | |  | X | X | X | X |  |  | |  |  |  |  |  |
|  | 5.1.3. Document and publish best practices | UNDP | UNDP | Stakeholder consultations, reports, publishing | | | $20 000 | |  |  |  | X |  | X |  | | X |  | X |  |  |
| 5.2. Monitoring and Evaluation |  |  |  | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 5.2.1. Develop M&E plan | UNDP; UN Women | UNDP | Consultants, workshops, stationary, venue | | | $5 000 | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 5.2.2. Reporting | UNDP; UN Women, GOL | UNDP | Administration | | | $5 000 | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 5.2.3. Knowledge resources management | UNDP; UN Women | UNDP | Administration | | | $5 000 | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 5.3. Staffing |  |  |  | | |  | |  |  |  |  |  |  |  | |  |  |  |  |  |
| 5.3.1. Project Manager | UNDP | UNDP | Human Resources | | | $ 150 000 | |  |  |  | X | X | X | X | | X | X | X | X | X |
| 5.3.2. Technical Advisor | UNDP | UNDP | Human Resources | | | $ 120 000 | |  |  |  | X | X | X | X | | X | X | X | X | X |
| 5.3.3. Project Assistant | UNDP | UNDP | Human Resources | | | $72 000 | |  |  |  | X | X | X | X | | X | X | X | X | X |
| 5.3.4. Support staff | UNDP, GOL | GOL | Human Resources | | | $100 000 | |  |  |  |  | X | X | X | | X | X | X | X | X |
| 5.4. Project administrative costs | UNDP | UNDP | Human Resources | | | $126 000 | | X | X | X | X | X | X | X | | X | X | X | X | X |
| **Total for Output 5** | | |  |  |  |  | **$623 000** | |  |  |  |  |  |  |  | |  |  |  |  |  |
| **Total Project Budget** |  |  |  |  | | | **$3 225 000** | | $791 250.00 | | | | $1 424 250.00 | | | | | $949 500.0 | | | |

# MANAGEMENT AND COORDINATION ARRANGEMENTS

Article III of the Standard Basic Agreement, between the Government of the Kingdom of Lesotho and UND,P 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 Implementation (NIM) modality, with UNDP support to NIM, will be used for programme execution in accordance with the approved United Nations Development Assistance Framework (UNDAF) – Action Plan.

The Ministry of Development Planning will be the main implementing partner for the project, on behalf of the Government of Lesotho. However, for delivery of technical project support and implementation, the following Ministries and institutions are targeted:

* Ministry of Forestry and Land Reclamation,
* Ministry of Agriculture,
* Ministry of Trade, Industry, Cooperatives and Marketing
* Ministry of Development Planning
* Ministry of Gender, Youth, Sports and recreation
* Business Development Service providers (public and private)
* Private Sector, NGOs and MFIs
  + Lesotho Chamber of Commerce/Private Sector Foundation
  + Hand in Hand International Lesotho
  + Rural Self-Help Development Association (RSDA)
  + Moliko Finance Trust
  + Other (*to be appointed when necessary)*

In line with the UNDP Harmonized Approach to Cash Transfers (HACT) approach to disbursements of project funds, the preferred modality is for the implementing partner to run the government processes for activities set out in an approved Annual Work Plan, based on which UNDP will make direct payments to service providers. Alternatively, as requested, UNDP can run transactions as specified in the annex and make payments to service providers based on that.

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** under the National Implementation Modality.

## Project Management

In line with PRINCE 2 project management standards, a Steering Committee will be established for making, on a consensus basis, management decisions for a project when guidance is required by the Project Manager, including recommendation for UNDP/ Implementing Partner approval of project revisions. Project reviews by this group are made at designated decision points during the running of a project (see below), or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when PM tolerances have been exceeded.

* + 1. **Project Steering Committee:**

The Project Steering Committee (PSC) is responsible for the overall direction and management of the project and has responsibility and authority for the project. The PSC is the group responsible for making executive management decisions for a project when guidance is required by the Project Manager, including approval of project plans and revisions.

*The Steering Committee* representation will be as follows:

* **Executive** *(Coordinating Ministry)*representing the project ownership to chair the group.
* **Senior Supplier** *(UNDP)* role to provide guidance regarding the technical feasibility of the project, and
* **Senior Beneficiary** *(government entities participating in the project)* role to ensure the realization of project benefits from the perspective of project beneficiaries.
* **Other beneficiaries,** including representatives of responsible agencies such as private sector, NGOs and MFIs.

In the context of this project, the steering committee will have 12 members, representing government, private sector, NGOs, MFIs and development partners. The Steering Committee will meet every six months and review and approve annual budgets and work plans and provide strategic guidance to the project.

**Project Steering Committee**

**Senior Beneficiary**

**MFLR, MITCM, MAFS, MGYSR,**

**Executive**

**PS Ministry of Development Planning**

**Senior Supplier**

DRR UNDP

**Project Assurance**

Designated to UNDP, Head of Strategic and Policy Unit

**Project technical Support (**UNDP/partner)

**Project Organisation Structure**

**Component 1**

Capacity Building and enterprises development

**Component 2**

Access to finance

**Component3**

Access to markets

**Component 4**

Private public dialogues

**Project Manager**

(Overall project coordinator)

Figure 1 Project management and coordination structure

**Project Assurance** is the responsibility of each Steering Committee member; however, daily monitoring function in this regard is delegate to the programme manager. This role ensures that appropriate project management milestones are managed and completed.

* + 1. **Project Management Team**

The project will be managed and coordinated by the UNDP Project Manager, supported by the relevant officers in MITCM and MGYSR.

* + - 1. **Project Manager**

Project Manager will have the authority to run the project on a day-to-day basis on behalf of the Steering Committee within the constraints laid down by the Steering Committee and UNDP. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager’s prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. A technical advisor to support project implementation and technical support will be recruited and linked to the Project Manager on the areas of value chain and enterprises development, where necessary. The proposed terms of reference for these positions is attached in Annex 4.

The Project manager will also be responsible for the overall coordination of the project. This includes financial and administrative support to ensure timely delivery of project activities. UN Women is responsible for ensuring gender mainstreaming in the project activities, and that the project meet the desired project results.

The **Project Support** role provides project administration, management and technical support to the Project Manager.

## Audit arrangements

Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNDP.

# MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

* On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
* An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
* Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
* Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance.
* A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project. This will also be shared with stakeholders to enhance learning and improve project performance.
* A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events. In order to monitor the progress on the selected indicators, a monitoring and evaluation framework consistent with the project plan shall be developed, and updated on quarterly basis.

Annually

* **Annual Review Report**. An Annual Review Report shall be prepared by the Project Manager and shared with the Steering Committee. It should include both narrative results reporting and financial reporting.
* **Donor reports** as required by the donors participating in the project.
* **Final project evaluation.** In addition to the project monitoring and evaluation processes in the project, it is planned to have amid-term project evaluation to review the project progress and track to achieving project objectives in 2016. Results of this evaluation will be used to update lessons learnt and reprogramming. In 2018, a final project evaluation will be undertaken through an independent consultant to assess the impact of the project and draw lessons learnt.

Overall management as well as monitoring and evaluation of the integrated programme will follow standard monitoring and evaluation procedures described in the UNDAF 2013-17 Action Plan. From earlier work, baselines have already been provided as benchmarks for this integrated programme. Joint annual reviews and joint field visits will be undertaken to monitor progress.

# LEGAL CONTEXT

This document together with the UNDAF Action Plan signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [Standard Basic Assistance Agreement between the Government of the Kingdom of Lesotho and UNDP of 31 December 1974] and all UNDAF Action Plan provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP’s property in the implementing partner’s custody, rests with the implementing partner.

The implementing partner shall:

1. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
2. Assume all risks and liabilities related to the implementing partner’s security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document”.

# ANNEXES

## Annex 1: Risk Analysis.

**Impact (I)** – 6 highest, 1 lowest, **Probability (P)** – 6 highest, 1 lowest

| **#** | **Description** | **Date Identified** | **Type** | **Impact &**  **Probability** | **Countermeasures / Mngt response** | **Owner** | **Submitted, updated by** | **Last Update** | **Status** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | Inconsistent availability of funds. UNDP may not be able to mobilise additional resources required for the project t | 2013  Support to financial Inclusion in Lesotho (SUFIL) (2010 – 2013) | **Financial**  Strategic | The risk would bring the whole project to a halt.  P = 3  I = 6 | UNDP has funds and will mobilise with other partners | *Project Manager* | *UNCDF/UNDP/ GOL* |  | no change |
| 2 | Inadequate ownership, capacity and involvement on the part of participating partners | 2011  Support to financial inclusion in Lesotho | 2011 | The risk would impede the required direction and monitoring.  P = 5  I = 4 | Awareness on partner strengths and direct engagement of prospective partners by the project team | GOL | *UNCDF/UNDP/ GOL* |  | No change |
| 3 | Weaknesses of coordination and limited engagement between implementing partners | 2013  Women Economic Empowerment Project | **Operational**  Organizational | The risk would impede the required cooperation between implementing partners.  P = 5  I = 4 | Ensure that programme staff have the right level of subject, operational and strategic competence | Project manager | *UNDP/ GOL* |  | reducing |
| 4 | Road infrastructure. The project depends on ease of communication and access to various areas for successful interface. | 2014  UN Women | **Operational** | The risk would affect project effectiveness | Find local solutions and strengthen the supply chain management | GOL | *UN Women* |  | No change |
| 5 | Duplication of project activities and efforts. Similar uncoordinated efforts in GOL or partners | 2013 | **Organizational**  **Strategic** | P=5  I=3 | Consistent communication with partners, knowledge management modules and dialogue | Project manager |  |  |  |
| 6 | Failure to deliver employment results | 2013 | **Operational** | Failure to deliver development outcomes  P=3  I= 2 | Ensure effective monitoring and evaluation and alignment to the project objectives  Strengthen oversight role to the project | Project manager  Steering Committee |  |  |  |
| 7 | Translation of EDF funds into employment opportunities | 2013 | **Operational** | P=3  I=2 | Ensure appropriate selection of beneficiaries | Project manager |  |  |  |

## Annex 2. STANDARD LETTER OF AGREEMENT BETWEEN UNDP AND THE GOVERNMENT FOR THE PROVISION OF SUPPORT SERVICES

Dear Principal Secretary for Ministry of Development Planning

1. Reference is made to consultations between officials of the **Government of Lesotho** (hereinafter referred to as “the Government”) and officials of UNDP with respect to the provision of support services by the UNDP country office for nationally managed program and projects. UNDP and the Government hereby agree that the UNDP country office may provide such support services at the request of the Government through its institution designated in the relevant programme support document or project document, as described below.

2. The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the Government-designated institution is strengthened to enable it to carry out such activities directly. The costs incurred by the UNDP country office in providing such support services shall be recovered from the administrative budget of the office.

3. The UNDP country office may provide, at the request of the designated institution, the following support services for the activities of the programme/project:

* 1. Identification and/orrecruitment of project and programme personnel;
  2. Identification and facilitation of training activities;
  3. Procurement of goods and services;

4. The procurement of goods and services and the recruitment of project and programme personnel by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures. Support services described in paragraph 3 above shall be detailed in an annex to the programme support document or project document, in the form provided in the Attachment hereto. If the requirements for support services by the country office change during the life of a programme or projecthe annex to the programme support document or project document is revised with the mutual agreement of the UNDP resident representative and the designated institution.

5. The relevant provisions of the **[*Insert title and date of the UNDP standard basic assistance agreement with* *the Government*]** (the “SBAA”), including the provisions on liability and privileges and immunities, shall apply to the provision of such support services. The Government shall retain overall responsibility for the nationally managed programme or project through its designated institution. The responsibility of the UNDP country office for the provision of the support services described herein shall be limited to the provision of such support services detailed in the annex to the programme support document or project document.

6. Any claim or dispute arising under or in connection with the provision of support services by the UNDP country office in accordance with this letter shall be handled pursuant to the relevant provisions of the SBAA.

7. The manner and method of cost-recovery by the UNDP country office in providing the support services described in paragraph 3 above shall be specified in the annex to the programme support document or project document.

8. The UNDP country office shall submit progress reports on the support services provided and shall report on the costs reimbursed in providing such services, as may be required.

9. Any modification of the present arrangements shall be effected by mutual written agreement of the parties hereto.

10. If you are in agreement with the provisions set forth above, please sign and return to this office two signed copies of this letter. Upon your signature, this letter shall constitute an agreement between your Government and UNDP on the terms and conditions for the provision of support services by the UNDP country office for nationally managed program and projects.

Yours sincerely,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signed on behalf of UNDP

*Ms Karla Robin Hershey*

*UN Resident Representative – Lesotho*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For the Government

Mr Lerotholi Pheko, Principal Secretary for Ministry of Development Planning

*Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

# Annex 4. Description of functions and responsibilities of the parties involved:

* + - 1. **Ministry of Industry, Trade, Cooperatives and Marketing**
* Chair and participate in the project steering committee
* Nominate official focal point to oversee implementation of project activities within the ministry.
* Ensure effective delivery of the objectives and outputs of the project.
* Prepare and submit quarterly reports on the component.
* Guide the project on the relevant national policies, legal framework and regulations

### Ministry of Agriculture and Food Security and Ministry of Forestry and Land Reclamation

* Participate in the project steering committee
* Provide overall coordination of the responsible partners and ensure timely implementation of the project components
* Provide training and guidance to the youth and women through the MAFS extension services
* Provide technical training, supervision and support in relevant areas.
* Guide the project on the relevant national policies, legal framework and regulations

### Ministry of Gender and Youth, Sports and Recreation

* Chair and participate in the project steering committee
* Guide the project on the national policies, legal framework and regulations for implementing youth and women projects
* Provide technical support and support identification of project beneficiaries
* Provide overall coordination of the responsible partners and ensure timely implementation of the project components
* Guide the project on the relevant national policies, legal framework and regulations
  + - 1. **Ministry of Development Planning**
* Ensure effective implementation and delivery of project components.
* Facilitate and chair steering committee meetings of the project
* Facilitate resolution of project implementation challenges in collaboration with the project manager, and ministerial focal points.
* Facilitate dissemination of project results and outputs
* Guide the project on the relevant national policies, legal framework and regulations

## Annex 4 Terms of reference for project personnel

The overall management and coordination will be led by the UNDP with support from a dedicated project management team, comprising of officials within the UNDP, relevant ministries and NGOs. The core project team will be led by the project manager, supported by the technical advisor.

1. **Technical Advisor**

Key Functions:

1. Provide technical expertise and advise to the UNDP, Government of Lesotho and other implementing agencies on the development and implementation of policy, innovations, tools and working instruments as well as capacity building for inclusive finance, markets and enterprises development.
2. Support the project manager to ensure effective management of the project and delivery of the project results applying business development strategies and skills to identify opportunities and gaps in the YWEP implementation.
3. Facilitate strategic partnerships, networks and resource mobilisation for the project
4. Undertake advocacy and information dissemination, communication and knowledge management
5. **Project Manager**
6. Serves as the national focal point for the project, and provide services to support efficient execution of the project objectives
7. Provides management, administrative and technical support to ensure alignment to the national development policies and priorities, UNDP operational policies and procedures and LUNDAP.
8. Effective coordination of project beneficiaries, to ensure effective linkage between the project components and delivery of the project results.
9. Maintain project reporting, M&E, communication and governance for quality and risk management.