



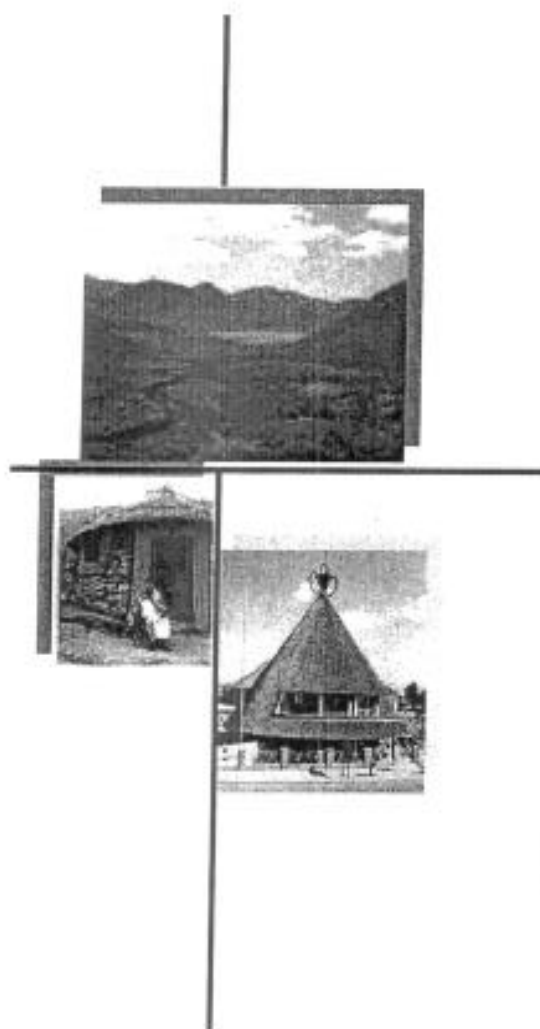
GOVERNMENT OF THE KINGDOM OF LESOTHO



United Nations
Development Programme



United Nations Capital
Development Fund



Lesotho Local Development Programme (LLDP)

Final Version, April 2008

Government of the Kingdom of Lesotho
United Nations Development Programme
United Nations Capital Development Programme

LESOTHO LOCAL DEVELOPMENT PROGRAMME (LLDP)

BRIEF DESCRIPTION

The LLDP is a programme of the Government of Lesotho, which benefits from technical and financial support from UNDP and UNCDF. It is a collaborative effort by central government, local governments and development partners to achieve poverty reduction and attain the MDGs through inclusive, responsive service delivery mechanisms. The four-year programme has a nationwide impact as it supports different aspects of the process of implementation of the decentralisation across the country. However, from an operational point of view, it focuses on the three central districts (Maseru, Berea, and Thaba Tseka.)

In Lesotho, the *Decentralisation for Improved Service Delivery* is one of the key pillars of the *Public Service Improvement and Reform Programme* (PSIRP). The implementation of the decentralisation programme started with the *Local Government Act* of 1997, and has continued with the local government elections of 2005.. However, the major challenge at the moment is the momentum, substance and direction of the decentralisation process. The LLDP is therefore largely to address these issues, as it aims at establishing and supporting central and local mechanisms to steer and guide the process and clarify the role of local government in poverty reduction.

Four operational outputs, with specific activities, will address the following areas: (i) Development and strengthening of systems for inclusive pro-poor, decentralized and effective planning and budgeting both at national and district level; (ii) Procedures for sustainable production of public infrastructure and delivery of social services both at national and district level ; (iii) Financing instruments for local public infrastructure and service provision for local economic development (in selected Districts); and (iv) Impact of the programme on national policies of decentralization as well as the roles and functions of local government in local development and poverty reduction.

Country: Lesotho

UNDAF Outcome(s)/Indicator(s): Strengthened democratic institutions, civil society organisations, transformed leadership and, Increased civil liberties and human rights.

Expected Outcome(s)/Indicator (s)¹:
Expected Output(s)/Annual Targets²:

Output 1: Systems for inclusive, pro-poor, decentralized and effective planning and budgeting of local development are established at central level and applied in the three central Districts

Output 2: Procedures for sustainable production of public infrastructure and delivery of social services are established at the central level and applied in three central Districts

Output 3: Financing instruments for local public infrastructure and service provision as well as for local economic development of rural communities are established and are operational in Northern Districts

Output 4: National policies concerning decentralization, and the roles and functions of local government on local development and poverty reduction are informed by LLDP's lessons learned and best practices.

Implementing partner: Ministry of Local Government
Responsible parties: Local Authorities, UNCDF, UNDP
Implementing entities: UNCDF, UNDP

Programme Period: 2008 - 2011
Project Title Lesotho Local Development Programme (LLDP)
Project ID: 00050745
Project Duration: 4 Years
Management Arrangement: UNDP (NEX-DEX)

UNCDF

Budget: US\$ 2,514,000
General Management Support Fee: _____
Total budget: _____

- UNDP 1,200,000
- UNCDF 1,200,000
- GoL 114,000

Unfunded Budget: _____



Agreed by the Government
of the Kingdom of Lesotho:

Dr Majoro, Principal Secretary, Ministry of Finance and
Development Planning

Agreed by UNCDF:

Signed on behalf of UNCDF as per attached authorisation of 4 May 2007
from Mr Richard Weingarten, Executive Secretary, UNCDF

Agreed by UNDP:

Mr Ernest Fausther, Acting Resident Representative

¹ For global/regional projects, these are outcomes identified in GPRP

² For global/regional projects, these are outputs identified in GP/RP



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Acronyms and Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
CBELG	Capacity Building for Effective Local Governance
DDCC	District Development Coordination Committee
CC	Community Council
CCS	Community Council Secretary
DA	District Administrator
DC	District Council
DCI	Development Cooperation Ireland
DCS	District Council Secretary
DFID	Department for International Development
DPU	District Planning Unit
DSC	Decentralisation Steering Committee
GOL	Government of Lesotho
GTZ	German Technical Assistance
HIV	Human Immunodeficiency Virus
KfW	German Development Bank
LFCD	Lesotho Fund for Community Development
LGA	Local Government Act
MOLG	Ministry of Local Government
NGO	Non Governmental Organisation
PRSP	Poverty Reduction Strategy Paper
PSIRP	Public Sector Improvement and Reform Programme
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNCDF	United Nations Capital Development Fund
WB	World Bank

Lesotho

- International boundary
- District boundary
- National capital
- District capital
- Railway
- River
- Track

0 10 20 Kilometers
0 10 20 Miles

I. SITUATION ANALYSIS

I.1 GENERAL PROFILE OF THE COUNTRY

Lesotho is a democratic, constitutional monarchy with the King as the head of state, and the Prime Minister as head of government and local governance structures.

Lesotho is a land-locked country with just over 30,000 square miles all surrounded by the Republic of South Africa. It has an estimated population of 2.2 million with an annual growth rate of 0.9 percent for the period 1990-2004.³ Three quarters of the country is made up of highlands rising up to nearly 3500 meters above sea level in the Maluti Mountain range. The remainder of the country, referred to as the highest lowlands in the world, lies between altitudes of 1500 and 2000 meters altitude.

Lesotho is classified as a Least Developed Country (LDC) with a per capita GDP of approximately US\$402. About 76 percent of its people live in rural areas largely deriving livelihoods from agriculture and remittances from South African mineworkers. Only about 24 per cent live in urban areas. About 50.6 percent are females whilst about 49.4 percent are males. Lesotho's population is relatively young with about 37 percent below the age of 15 years. About 58 percent of the population is aged between 15 and 64 years whilst 6 percent is 65 years old or over. The national average population density for the country is 71 persons per square kilometer. However the lowland districts of Leribe, Berea, Maseru and Mafeteng have densities exceeding 100. However Butha Buthe, a mountain district has a density of 72.

Lesotho now has the third-highest rate of HIV prevalence in the world, having risen from near 4 percent in 1993 to 23.2 percent by the end of 2005.⁴ The epidemic has a growing, dramatic impact on the entire society and economy.

I.2 ANALYSIS OF KEY ISSUES

Economy

Lesotho's economy has been overwhelmingly shaped by the power and proximity of the South African economy, especially its mining sector, which has provided labour to a great number of migrant workers. As a result, there has been a limited need for domestic jobs and self-employment and the low development of the informal sector (only recently it developed, as a result of declining migrant labour remittances from South Africa).⁵

The number of migrant workers has been cut in half as a result of the closure of some of the South African mines, with adverse implications not only for the families of these retrenched workers. The contribution of remittances from Basotho mineworkers in South Africa has also fallen dramatically, from 40% of GDP in 1992 to 30% in 2000.⁶

Poverty

In 2000, Lesotho was ranked 127 out of 174 on the HDI index and 137 in 2003. During the same period 1987 to 1995, poverty actually declined in the urban areas from 40 percent to 35 percent. The incidence of poverty is very low among those whose primary source of income are remittances from migrant household members working abroad.

In Lesotho poverty is generally perceived as closely related to the absence of income through employment. The poor have limited assets, i.e. land and/or livestock (large or small). Landlessness has increased dramatically from 13 percent in the 1970s to 55 percent in 1990 according to the Bureau of Statistics (BOS). There is already a serious shortage of arable land

³ Source: http://www.unicef.org/infobycountry/lesotho_statistics.html. It was 2.2 per cent between 1970-90

⁴ Source: http://www.usaid.gov/our_work/global_health/aids/Countries/africa/lesotho.html

⁵ See Lesotho PRS

⁶ See The United Nations Common Country Assessment for Lesotho, 2004

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with the average area cultivated per farmer at 1.3 hectares. Only 11 percent of farmers cultivate more than 3 hectares. Non-availability of land is therefore a major constraint to agricultural production. Lack of agricultural inputs is also a primary constraint to the poor.

The level of unemployment due to the shrinking mine employment in South Africa and retrenchment of migrant workers has had a serious impact on poverty in rural Lesotho. Two common variations in poverty are geographic location and gender.

- The incidence of poverty is higher in the mountain zones (77 percent) compared to the lowlands (Maseru Urban 27 percent). Of the ten districts the incidence of poverty is highest in the mountain districts as follows: Mokhotlong – 75.4 percent; Mphahlele – 74.9 percent; Quthing – 72.7 percent; Thaba Tseka – 72.3 percent. The very poor were mostly in subsistence agriculture followed by informal sector in urban areas.
- Thirty percent of households in Lesotho are female headed and of these 62 percent are poor.

A series of poverty mapping in 1990, 1993, 1999 confirmed that the number of the ultra poor is increasing. Inequality in Lesotho is described as severe. The Gini coefficients show the level of income inequality in a country with 0 as equality and anything above denoting the level of inequality. The inequality rate for Lesotho for the two years 1987 and 1995 has increased and continues to increase. The national average is 0.66 with the most inequality evident in Mphahlele with 0.7 and the lowest for Leribe with 0.6.

"By the year 2020, Lesotho shall be a stable democracy, a united and prosperous nation at peace with itself and its neighbours.

It shall have a healthy and well-developed human resource base, its economy will be strong, its environment well managed and the foundations for its technological advancement well established"

(Lesotho Vision 2020)

At the household level, food security can be achieved only through purchase of grains imported from South Africa, but only a minority of

households has the income to buy food. Food stocks, even in the immediate post harvest period, are rare.

HIV/AIDS

At a macro-economic level, the disease has a dramatic impact on productivity, household and business costs, and lost incomes, among other things, and ultimately on economic growth and sustainable livelihoods. There are a significant number of child-headed households as a result of AIDS and over 100,000 AIDS orphans. Furthermore, over 40% of 30 – 39 year olds are infected – a key section of the traditionally most highly-productive persons.

Overall life expectancy has already declined from a high of about 60 years to 42 years, and it will continue to decline. The World Bank estimates that by 2015 the GDP of Lesotho will be reduced by almost one-third as a result of HIV and AIDS.

Agriculture

Nearly 80 percent of the population of Lesotho lives in the rural areas. The majority of the poor in the districts derive their livelihoods from agriculture and from rearing animals, cattle, sheep, and goats, producing wool and mohair, as well as the sale of meat to local butcheries. Some community groups manufacture oil, or other income generating activities such as dress making, crafts and vending activities. However, many of the income generating activities lack ready markets and requisite marketing skills, and technical know how to maximize benefits.

Scarcity of arable land and underutilisation of that which is available is a major constraint in agricultural production. This has been a result of an increasing population and the marginalisation of arable land through soil erosion, frequent droughts, heavy frosts and late rains experienced in recent years. Only 10.7% of Lesotho's land area is arable, but less than 1% has high potential. Most cultivated land is in the western lowlands. Crop production in

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Lesotho is a high-risk, low-yield activity due to poor soil quality and a harsh climate. The principal food crop is corn.

Lesotho has one of the most advanced soil conservation programs in Africa. Terracing, grass stripping, and the construction of dams and irrigation canals are widely employed to cope with the severe erosion problems.

In rural districts, where the contribution from remittances is now very low (especially with the reduction in mine labour in South Africa), the most common, although very modest, sources of income are livestock, small businesses and crop production.

In 1966 the share of agriculture in the GDP was about 50%. In recent years it has declined to below 20%.

Food insecurity

Lesotho cannot grow enough food to feed its population. A number of underlying causes explain the issue: population growth, limited arable land, erosion, degradation of the soil, and variability of climate. The only way of tackling the severe vulnerability of Basotho to food crises is a multidimensional approach that includes production and its equitable distribution, as well as household access to food.

Official policy highlights the importance of appropriate farming practices, with crop diversification and substitutions, encouragement of field crops in areas that are agro-ecologically suitable; exploring opportunities for block farming, especially in the lowlands areas; promotion of commercialisation of agriculture; and introduction of improved agricultural technologies; Incorporation of agro-forestry practices into all scales of farming systems; and improved techniques of animal husbandry and fodder production.

Main macro-policies

Lesotho has embarked on the *Public Sector Improvement and Reform Programme (PSIRP)*, a framework for public sector improvement and reform in areas such as Good Governance, Financial Management and Budgeting, Human Resources Management, Administration of Justice, Restructuring and Rationalisation of Ministries, Departments and Agencies, Decentralisation and Local Government, and Delivery of Services.

The country has also developed a *Poverty Reduction Strategy Paper (PRSP)* and a *Medium Term Expenditure Framework (MTEF)* for development and financial management.

Decentralization

The implementation of the decentralisation process is still slow. Existing mechanisms for effecting real decentralisation and devolution are generally inadequate at both national and district levels. Through the *Local Government Act of 1997* (and the Amendment Act in 2004), 139 local governments have been established. They are allocated clear responsibilities for planning, budgeting and implementation of social and economic infrastructure and service delivery.

However, there is still limited knowledge on what decentralisation entails. The resources managed by local authorities do not match their assigned functions or responsibilities. Assignment of government staff to District Administrators, DCs and CCs has taken place only on paper and staff is still operating under their parent Ministries with little or no reference to the new authorities. District Planning Units (DPUs) are in an ambiguous situations, as they still report to the District Administrator (DA), whilst most of their work is related to the District and Community Councils.

In many districts, the structures of local government are in place and functional, both District and Community Councils have the requisite staff, hold regular meetings and have functional subcommittees (i.e. Planning and Finance, Land Administration and Social Services/Welfare). But Councillors have not been able to deliver on their mandate since their elections in 2005.

In terms of fiscal decentralisation, there is little understanding between the Ministry of Finance and Development Planning (MOFDP) and the MOLG. Besides, the MOLG has still to draft clear financial guidelines and regulations (this is particularly affecting the transfer of funds to District councils and to community councils and the collection of local revenues).

PART II. PROGRAMME STRATEGY

II.1 OVERVIEW

The Lesotho Local Development Programme (LLDP) aims at assisting the Government of Lesotho in implementing the decentralization process (through improved local governance and local development procedures and processes) and achieve improved service delivery and attain poverty reduction and the Millennium Development Goals (MDGs). To do so, it will provide appropriate technical support at national, district and community level.

The LLDP is fully in line both with the Government of Lesotho's development framework and with the *United Nations Development Assistance Framework (UNDAF)*, itself based on the Lesotho Government's Seventh National Development Plan priorities, the *National Vision 2020*, the Poverty Reduction Strategy Paper and the United Nations Poverty Reduction Action Plan, as well as the MDGs.

The 2002-2007 UNDAF has four strategic objectives for interventions: (i) Promoting employment creation and income generation; (ii) Enhancing good governance processes and institutional capacity building; (iii) Development of basic social services to vulnerable groups (women, children and youth); and (iv) Enhancing the sustainable management of natural resources.

Synergies will be created between the LLDP and the UNDP's *Capacity Building for Enhanced Local Governance Project (CBELG)*, the GTZ-funded *Decentralised Rural Development Programme (DRDP)*, and Government of Lesotho decentralization thrust under the LGA (1997, 1998, 2004). In addition, partnerships will be sought with KfW, the World Bank, the EU and DfID through the framework of the PSIRP, Component 2. The LLDP will also bring to the fore the issue of the Lesotho Fund for Community Development (LFCD) which officially is to be handed over legally to the Ministry of Local Government from the MOFDP.

APPROACHES OF THE LESOTHO POVERTY REDUCTION STRATEGY

The PRS is built on three inter-connected approaches:

- a) Rapid employment creation through the establishment of a conducive operating environment that facilitates private sector-led economic growth;
- b) Delivery of poverty-targeted programmes that empower the poor and vulnerable and enable them to secure access to income opportunities;
- c) Ensuring that policies and legal framework are conducive to the full implementation of priorities, that bureaucratic constraints are removed, and that the productivity of the public sector improves.

(Source: PRS, Lesotho)

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The programme draws a number of important lessons from other previous programmes. In particular, lessons from the *Capacity Building for Effective Local Governance* (CBELG) programme concern the following aspects: importance of a capacity building component on programme management and coordination within the MoLG; need for services provided by a UNDP-Lesotho Programme Officer working on full-time basis with the Ministry to ensure reporting, management, adherence to the work plan, etc. (including within UNDP and UNCDF Atlas systems).

II.2 OBJECTIVE AND BENEFICIARIES

The LLDP aims to contribute to alleviate poverty in Lesotho and assist the Government of Lesotho in the establishment of accountable, transparent and effective local governments.

More particularly, it will be fully operational in the three central Districts of Lesotho: Berea, Maseru, Thaba Tseka (see Table 1). The total population of these districts is estimated at about 176,365 people.

Table 1: Major Characteristics of the Three central Districts of Lesotho

Category	Berea	Maseru	Thaba Tseka	Total
Population	176 365	217 304	11 597	176 365
Land area Sq. kms.	2 222	4 279	4 270	10 771
Pop. Density 2001	135	112	31	93
No. of CCs	10	15	13	81
Chiefs	19	30	26	161
C. Councillors	124	177	149	967
D. Councillors	22	33	28	176
Staff decentralised	433	830	615	3 523
HDI Income Index	0.519	0.582	0.432	0.479

II.3 OUTCOMES

The two key outcomes of the LLDP are: (i) Improved delivery of pro-poor economic infrastructure and social services; and (ii) Support to local economic development as a means to spur economic growth, poverty reduction and well-being

II.4 KEY ASSUMPTIONS

The Key underlying assumptions of the entire approach are the following:

- Sub-national governments have clear comparative advantages in terms of local development, because of their allocative and productive efficiency, as they better know local social, economic and cultural realities.
- Agriculture is an essential element to support local economy. Agriculture, however, can not serve as 'the sole engine' of poverty reducing growth in the rural economy, and multi-sectoral measures are needed (by linking supply and demand with non-agricultural activities in rural areas, along with rural-urban linkages and by strengthening the market in a pro-poor manner).

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- In terms of food insecurity, a large proportion of rural households is unable to afford a minimum basket of food and non-food items, and therefore access to food is critically dependent on income and food market.
- Small, Medium and Micro Enterprises (SMMEs) can make an enormous contribution to economic development and poverty reduction. They can allow individuals and groups to engage in productive activities even if they have limited access to capital.
- Subsidies and direct intervention by governments are of limited effectiveness in promoting private sector development. However, a more important role by the government, including at local level, is the promotion of an enabling legal environment for private sector investment and growth.

II.5 OUTPUTS

To contribute towards these outcomes, the LLDP will include six outputs, of which four are operational and two administrative.

OUTPUT 1:

Systems for inclusive, pro-poor, decentralized and effective planning and budgeting of local development are established at central level and applied in the three central Districts.

This output will involve three key dimensions:

At central level: Enhancing the capacity of the Ministry of Local Government (MoLG) in terms of overall management coordination and administration of the decentralisation process for poverty reduction. This will entail, among other activities: the preparation of composite documents stipulating decentralized and devolved functions by sector Ministries to District and Community Councils (through the elaboration of Schedules One and Two of the LGA 1997 as amended) the preparation of a regulatory framework concerning functional structures of district and community councils; and the clarification of the relations between central government, district councils and community councils. In addition, activities of this output will ensure that national policy-making processes profit from and are informed by experimentation at the local level. This will entail the replication of results based M&E information and communication systems, the documentation and dissemination of major lessons learned and the enactment of legislative amendments to enable effective local governments.

- **At district level:** Strengthening the capacity of local governments to establish and/or improve systems for participatory planning, budgeting, resource mobilisation, land management and urban development and to fully support them. This will entail a comprehensive process of intensive, continuous orientation-sensitization-training-mentoring of council councillors and staff, as well as of representatives of the civil society and the private sector, as well as full support to initiatives at community level.

At community level: Empowering self-organized community organizations and enabling them to identify their problems and define their needs and priorities, and fully participate in the planning and decision-making process, as well as to be fully acknowledgeable of planning and budgeting procedures and regulations and accountability mechanisms (preparation of comprehensive Community Action Plans). This will entail the strengthening of *Community Dialogues* for community empowerment and needs identification, prioritisation and community action plans together with extension workers and Planning Unit members.

- Carrying out infrastructure and service delivery needs assessment of the three central districts councils and community councils,

OUTPUT 2:

implementation mechanisms for provision of sustainable public infrastructure and delivery of social services are strengthened.

This output will imply the establishment and use of sound, transparent and efficient mechanisms aimed at:

- Coordinating the various service providers (government, private sector, NGO) and promoting PPP
- Carrying out capacity needs assessments and baseline studies based on agreed functions and structures and service delivery needs of communities,

OUTPUT 3:

Financing instruments for local public infrastructure and service provision as well as for local economic development of rural communities established and operational

This output will synchronise with any policy direction with regards to establishment of a basket fund and also take into consideration efforts made to institute such funds in order to complement initiatives at different levels:

At Central level:

Appropriate initiatives will be undertaken in order to:

- Define formal fiscal decentralization legislation and regulations,
- Establish a sustainable funding mechanism (sectoral, earmarked *basket fund* for local government),
- Formulate appropriate procedures concerning allocation of investment funds to sub-national planning and budgeting units,
- Establish sound fund flow mechanisms and appropriate (and potentially sustainable) arrangements for financial management, including auditing.

At District level:

Appropriate measures will aim at supporting:

- Pro-poor delivery of economic infrastructure and social services (particularly in the crucial area of HIV/AIDS);
- Measures to stimulate and sustain local economy, through creation of poor-poor jobs, social protection (see Inset below) and income generating activities.
- Support to a range of overlapping activities with direct impact on food security (agricultural activities, diversification of the rural economy, creation of off-farm employment, income-generating activities for farmers, sustainable NRM, and improvement of the economic environment in which farmers and small-scale commercial entrepreneurs operate).

At Community level:

A range of grass-roots initiatives are aimed at:

- Identifying and implementing measures related to the protection, rehabilitation and management of natural resources, mainly through use of labour intensive methods.
- Reducing food insecurity through the expansion of formal and informal work opportunities, creation of assets at household level, and boosting the purchasing power of those with employment.

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- Support to local businesses and small and medium enterprises, through a wide variety of measures, such as: training; development of sustainable market opportunities; the provision of business counselling and mentoring; support to business associations; improving access to credit through the reintroduction of credit schemes and financial services that are demand-led, market driven and flexible in nature.

Social protection

Social protection initiatives will essentially aim at preserving the key productive assets of the poorest households, enhancing their survival and diversification strategies, and emphasizing social justice and transformation of social conditions. Therefore, social protection has an economic dimension, and is a way of spurring economic growth.

Work programmes are an integral part of social protection measures. They can provide considerable benefits, as they combine elements of social transfers with an insurance function, offering a safety net to those in the labour market. Through the adoption of the method of *labour-intensive public works* (on the basis of cash-for-work, whereby payments are based on the local wage rate for unskilled day labour), work programmes are generally used for construction and maintenance of local collective services, environmental services (such as those concerning watershed, biodiversity conservation or wildlife protection), sanitation, garbage collection, provision of key agricultural inputs, production of local improved material, etc.

The entire system will be based on transparency and equity and will be based on the capacity of the Districts: (i) to meet initial minimum conditions to access to and use the funds; (ii) the results of annual evaluations of their performance (thus stimulating healthy competition among local districts); and (iii) the actual revenue mobilization at local level by the District themselves.

OUTPUT 4:

National policies concerning decentralization and the roles and functions of local government on local development and poverty reduction are informed by LLDP's lessons learned and best practices.

The different activities of this output will ensure that national policy-making processes profit from and are informed by experimentation at the local level. This will entail the replication of results based M&E information and communication systems, the documentation and dissemination of major lessons learned and the enactment of legislative amendments to enable effective local governments.

II.6 MAJOR PROGRAMMATIC DIMENSIONS

Local ownership and donors' harmonization

The LLDP also fully embraces the recommendations of the so-called *Donor's Paris declaration*⁷ aimed at promoting alignment with partner countries' priorities, systems and procedures; linking funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy; and using the country's own national systems and procedures⁸. Therefore, the LLDP will strengthen the ownership of local government authorities and allow for more efficient and effective donor resource use through joint funding arrangements and concentrate on specific areas, activities or sectors where its

⁷ The High-Level Forum on Aid Effectiveness (Paris, March 2005), which followed up on the Declaration adopted at the High-Level Forum on Harmonisation (Rome, February 2003).

⁸ The alignment of management systems and procedures with those of the beneficiary country will be done to the extent possible within the UNDP and UNCDF financial rules and regulations and prescriptive content for programme management.

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comparative advantage can be demonstrated. The PSIRP, in which it is embedded, is a multi donor funded programme with firm commitments and implementation available within the PFM Component. The *Decentralisation Steering Committee* (DSC), whose creation will be facilitated by the programme, will be chaired by the Principal Secretary of Local Government to ensure complete national ownership.

Holistic approach to poverty reduction

One of the major conditions for poverty reduction is high economic growth, but growth depends on the quantity and quality of inputs including land and natural resources, capital, assets, labour and technology. While higher incomes, result of economic growth, can reduce income poverty and enable households to improve human capabilities, increased human capability is conducive to long-term growth. Thus, a major aspect of the LLDP is to support not a multitude of stand-alone activities, but a comprehensive approach to poverty reduction and to growth. Its approach involves different actors in the formulation and implementation of a range of viable development projects, while emphasizing the roles and responsibilities of each of them, and working towards policy coherence.

Public-private partnership

The 2002 'White Letter' of the Ministry of Trade and Industry, Cooperatives and Marketing aims at *"Making Lesotho a good place to do business"*. It genuinely advocates political support to better integrate the private sector into the development paradigm. In this regards, the LLDP will explicitly focus on the right support which can be provided by LGAs to the private sector development as a major factor conducive to growth and poverty reduction. The entrepreneurship development needs for rural private producers (both on farm and non-farm), as well as those of agro-based industries and formal and informal enterprises will be clearly addressed. Central and local authorities will create and sustain a good business-favourable enabling environment, by simply providing a sound legal and regulatory framework that promotes private sector competition, strengthening governance and overcoming bureaucratic inefficiencies, as well as improving access to key financial and infrastructure services. More particularly, local government authorities will be encouraged to support *innovative forms of public-private partnerships* (including, for instance, contracts for services, delegated management arrangements; joint venture arrangements; or concession arrangements).

Learning-by-doing mode and policy impact

The LLDP will be managed in such a way as to facilitate scaling up and adaptation. Its innovations in terms of systems and procedures will therefore be tailored to the level of local human resources that can be realistically expected to be sustained.

The project will have a learning-by-doing strategy whereby all actors will allow local governments to learn from experience. The promotion and the use of a local government basket fund (see below), even before the full implementation of the District Development Fund/Lesotho Fund for Community Development (LFCD), is designed as a learning experience to give credence to its replication and expansion.

Gender sensitivity in the programme

The programme will particularly foster the involvement of Basotho women in marketing. This gender-oriented approach will be facilitated by the fact that unlike many other local governments in the rest of the world, the majority of councillors in both District and Community Councils in Lesotho are women. The programme will thus provide women councillors with special training in leadership and ensure strong networks are created between them nationally.

II.7 MAJOR RISKS AND RISK MITIGATING MEASURES

A programme like the LLDP which attempts to conjugate poverty reduction, democratic decentralization and economic growth will inevitably face numerous challenges and risks. However, most of these risks can be mitigated by adequate policies and measures (see Table below).

Table 1: Risks, assessment of impact, and risk mitigation measures

Risks	Degree	Impact	Risk mitigation measures
Prolonged delays in effecting real decentralisation of resources and responsibilities to local governments	Possible	High	A clear MOLG clear strategic plan, Vision and direction of the decentralisation process in place, a resuscitated Decentralisation Reform Steering Committee (DSC) with active participation of other departments of government. Revitalization of the effectiveness of the PSIRP Steering Committee to receive reports from the PFM and DSC.
Backtracking on existing policy intentions and proposals with regard to decentralisation and local government	Low	High	Clearly charting the decentralisation path. All stakeholders need to be informed regularly on the process, stages and any constraints through public information systems and consultations.
Reluctance on the part of GOL officials to devolve powers and responsibilities to local governments (inter-ministerial rivalries)	Possible	High	Regular meeting of the PSIRP Steering Committee under the Government Secretary to review compliance by various stakeholders.
Weak local capacities to provide effective service delivery	Low	Medium	Reorientation of assigned staff of local councils to responsive approaches for service delivery and demand driven community based planning and implementation
Weak downward accountability by representative bodies to local citizens	Possible	Medium	Ensure effective social audits
Weak enforcement systems on agreed procedures and targets	High	High	Addressing stronger enforcement mechanisms at the individual and departmental level (documenting and monitoring targets and achievement)
Social risks during elections during LLDP Period 2007 (national elections) and possibly 2009 Council Elections.	High	High	Use of the national election period to carry out many of the studies needed. Councillor training must be within and with community structures (traditional leadership to ensure institutionalisation of knowledge.) to ensure continuity
Inadequacy, unpredictability and inconsistency of resource flows	Low	High	Predictable, timely and adequate project fund flows

PART III: MANAGEMENT & FINANCING ARRANGEMENTS

III.1 MANAGEMENT MODALITIES

From an institutional point of view, the LDP will be housed in the MoLG in Maseru. The Project will be implemented by the Government of Lesotho. The Ministry of Local Government (MoLG) will be responsible of its execution, according to its mandate to establish and support a central and local mechanism to steer and guide the decentralization process in an inclusive manner. An LLDP Coordination Unit (LLDP/CU) will be set up within the Ministry of Local Government, and the Director of Decentralization will act as the manager of the programme. The LLDP/CU will be made up, at national level, of one national coordinator and one international advisor (UNV), and regular technical advisory services will be provided by specialized institutions and two national resource persons. At the district level, the District Administrator will represent the CU and will be assisted by local technical staff.

Decentralization Steering Committee

The LLDP will be supervised by a *Decentralization Steering Committee (DSC)* chaired by the Government Secretary and made up of all the Principal Secretaries of concerned Ministries and representatives of development partners. The DSC, considered as the prime mover of the decentralization process, will establish close synergy with the Steering Committee of the *Public Sector Improvement and Reform Programme (PSIRP)*, which is also under the Chairmanship of the Government Secretary.

The DSC will set up and supervise the work of five multi-disciplinary, inter-ministerial Task Teams, corresponding to five key dimensions of the decentralization process. These Task Teams will be assisted by the LLDP/Coordination Unit (see below):

Task 1: Fiscal Decentralisation including Financial Management, Revenue Mobilisation, and Urban Development Services (state loans) as well as establishment of Local Government basket fund

Task 2: Policy, Planning, Budgeting, Land Management Systems, Building Controls

Task 3: Capacity Building and Institution Development: Functions, Structures and Gaps

Task 4: Technical Service Delivery Mechanisms and Structuring including Urban Development and Management

Task 5: Communication, Information, Performance Measurements M&E Systems

Decentralization Reform Programme Advisory Unit (DRPAU)

At national level

A *Coordination Unit (CU)* will be set up within the Ministry of Local Government (MoLG). The DPS of MoLG will be in charge of coordinating and supervising the implementation of the entire programme. The DPS is also the focal person and representative of the DRPAU at all meetings.

The **DRPAU** will be assisted by three permanent experts and by a number of ad-hoc external resource institutions/persons providing appropriate technical services. The three permanent experts from LLDP are:

- **A Programme Administrator: responsible for the administration of the project.**
- with extensive results-based project management skills, will be recruited to provide project oversight, coordination, financial management, monitoring and reporting in line with UNDP and UNCDF procedures. S/he will act as the primary link between UNDP - UNCDF and the DSC within the Ministry of Local Government, as well as other donors (international expert). The Programme Manager will be fielded in January 2007 to support the establishment of the LLDP structure.

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The technical advisors listed below will be all pooled into DRPAU,

- **An Advisor** with extensive experience in fiscal decentralization and public sector finance as well as revenue mobilisation at national and sub-national level (international United Nations Volunteer) for initial two years and national expert for remaining years).
- **A Legal Expert** will also be recruited to assist the Ministry of Local Government at the Central Level (national).

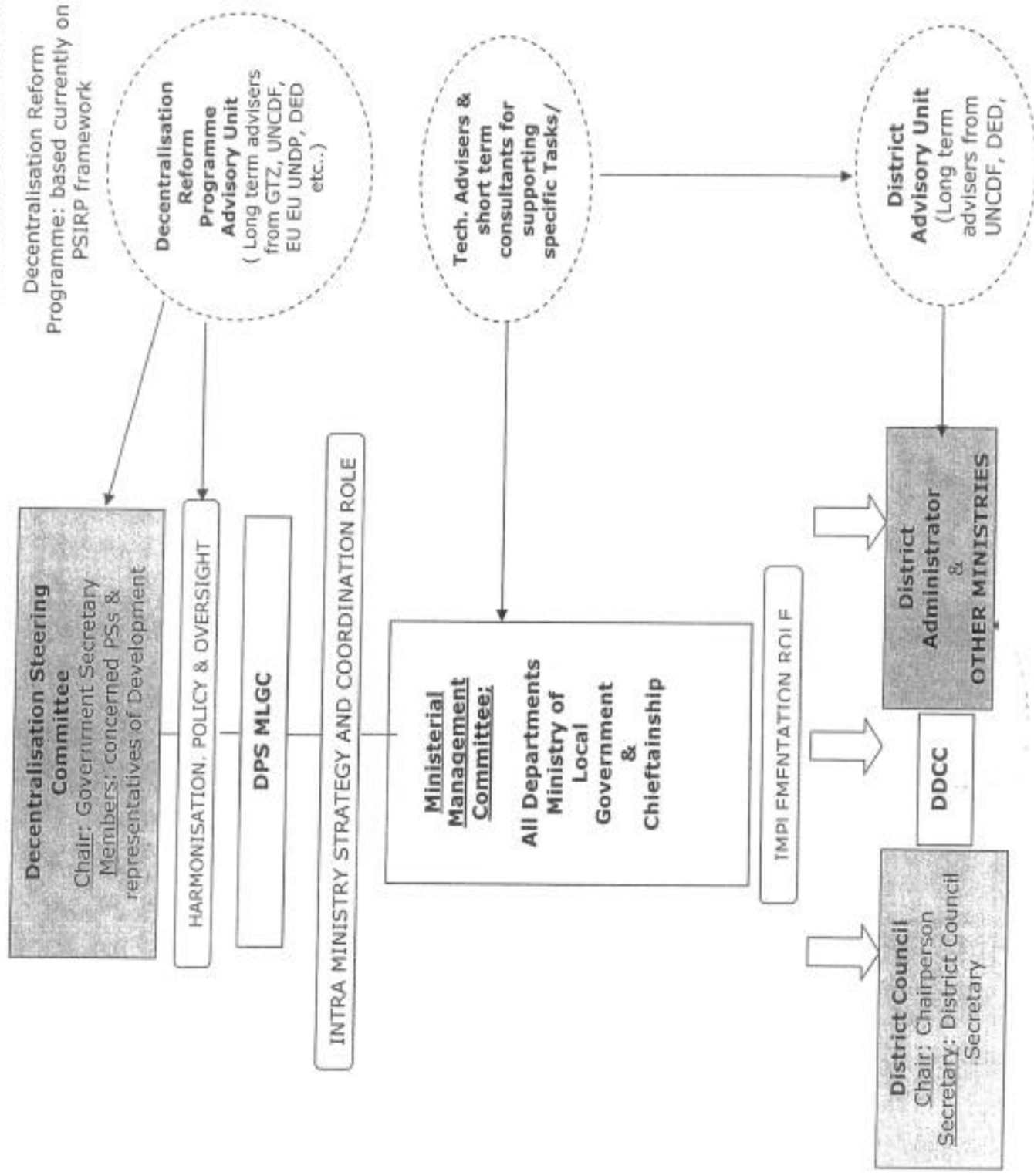
Support will also include a programme assistant and two drivers.

Ad-hoc advisory services will be provided by specialized institutions and/or qualified resource persons in the following domains, among others:

- **Capacity building** for District and community councillors and staff.
- **Engineering works** and public infrastructure, management, organisation development and training skills.
- **Agriculture and livestock**, protection, rehabilitation and management of natural resources.
- **Local economic development.**

Diagram: **Institutional management of the LLDP**

MANAGEMENT ARRANGEMENTS FOR INTEGRATED AND HOLISTIC ADVISORY SUPPORT TO DECENTRALISATION PROCESS



At District level

The existing institutions (DPU, DDCC) at district level will play coordinating role with regard to the project implementation.

Reporting mechanisms

The Ministerial management committee will report regularly on the implementation of the LLDP, reporting to the Programme Coordinator(DPS)

The Programme coordinator will report to the DSC.

III.2 FINANCIAL ARRANGEMENTS

In order to access and use the LLDP's capital investment funds, the Government will set up a **local government earmarked basket fund**.

According to this modality, funds will not pass through the national treasury (following normal budget procedures): although channelled through the central exchequer of the Government, they will be disbursed directly from the Treasury to the local government accounts (with the respect of separate reporting and accounting procedures). Existing national financial management, procurement and accountability systems will be subject to a separate review conducted by UNCDF, UNDP and the Government, to determine whether these systems are adequate for the management of the basket fund, and to identify any support needed to develop such systems.

III.3 IMPLEMENTATION ARRANGEMENTS

The LLDP will follow a step-by-step, *learning-by-doing* strategy for greater effectiveness.

- All the three central Districts (Maseru, Thaba Tseka , Berea) will benefit from the LLDP activities of Output 1, 2 and 4, which will take place during the entire lifespan of the programme

However, as far as the investment activities of Output 3 are concerned, only limited number of Councils will be able to access the capital investment facility during the first and second year of the programme. These Councils will be selected according to a competitive process based on a number of objectively verifiable criteria, which will be identified through a participatory and inclusive manner at the inception phase of the programme and will be spelled out by Guidelines produced and formalized by the MoLG

During the third and forth year, the competitive approach will be used to allow for additional Councils to access capital investment facility

III.4 RESPONSIBILITIES

Government of Lesotho

The GoL will be responsible for establishing and monitoring the activities of a Decentralisation Steering Committee (DSC) chaired by the Government Secretary. The Principal Secretary of the MoLG will also participate in the recruitment of staff of the LLDP/CU, ensure clear visioning of decentralization process, clarify the roles of local governments, set up the sectoral basket fund and provide adequate contributions, and ensure human and logistical resources to the LLDP (including recruitment of experts of the CU – in collaboration with UNDP and UNCDF - and office accommodation). It will also be responsible to convene regular donor liaison meetings and technical reviews and brief development partners on progress of the LLDP.

UNDP

UNDP will be responsible for providing timely financial contributions, recruiting with UNCDF and MoLG staff for the LLDP/CU, providing general support to the implementation of the

- Lesotho Local Development Programme -

project, participating in Donor Liaison meetings called by the DSC and in regular technical reviews. In this regard, a Programme Specialist will be recruited.

UNCDF

UNCDF will be responsible for providing timely financial contribution to the LLDP, participating in the recruitment process of CU staff, providing regular and high quality technical backstopping, attending donor liaison meetings convened by the DSC, participating in regular technical reviews and in the organisation of the independent Final Evaluation. UNCDF will also contribute, together with other international stakeholders, to provide appropriate technical advisory services to the DSC.

Others Donors

Decentralization by its very nature includes a variety of players within government and with other development partners. The implementation of the LLDP will be made possible by support provided by other players.

Particularly important will be the inputs from GTZ, which is already implementing a similar programme in the four Southern districts and which, with KfW assistance, is constructing infrastructure for some of the 47 CCs in these four districts. GTZ has also defined a *Quick and Smart Planning framework* (already piloted in Qacha's Nek).

The World Bank, DFID, DCI have also already played a significant role in nudging and prodding the process. Collaborative arrangements will be critical as some of these partners are already working with sector Ministries.

PART IV: MONITORING & EVALUATION

IV.1 MONITORING AND EVALUATION OF PROGRAMME ACTIVITIES

The LLDP's M&E system, defined and put in place during the initial inception phase of the project by the Programme Specialist, will:

- Provide all stakeholders (GoL, UNDP, UNCDF and other donors) with information on project progress against assigned outputs and activities. This aspect of the M&E system will be relatively simple, based largely on ensuring that annual work plans are being implemented according to schedule and within budget.
- Ensure that there are adequate "process" indicators, which will track the *quality* of the processes and procedures being supported by the programme. This aspect of the M&E system will require the identification and use of more qualitative indicators, many of which are likely to require periodic surveys and the use of participatory methodologies.
- Ensure that the assumptions made by the programme remain valid. This effectively means that the programme will track the potential risks (see above Part II) and ensure that they are not compromising the ability of the programme to deliver its outputs.
- The LLDP will ensure that corporate reporting requirements (e.g. UNCDF's Strategic Results Framework) are adequately met. It will be audited both according to Lesotho Government's national procedures, in a way to respond to UNDP and UNCDF requirements.

IV.2 INTERNAL TECHNICAL REVIEWS

The programme will be subject to an annual review by UNDP, UNCDF and the Government of Lesotho. This review will examine the progress of the project (based on an annual report) and the work plan for the following period, and decide on any modifications and adaptations to be made in the project design.

At national level, annual reviews will bring together Central, district and community level participants from the different districts so that experiences are shared and information disseminated.

IV.3 INDEPENDENT FINAL EVALUATION

Evaluation Policy: The programme will be subject to an independently conducted final evaluation, in compliance with the UNCDF mandatory evaluation requirements in the UNDP Evaluation Policy.

Role of Evaluation: UNCDF considers that independent evaluation of its programmes plays the following critical roles:

- ☐ **Results Based Programme Management and Decision-making:** promotes the quality of individual pilot programmes by providing objective, independent reviews that feeds into programme management decision-making and programme improvement;
- ☐ **Accountability:** holds UNCDF accountable for results and the utilization of its own/partner funds;
- ☐ **Knowledge management:** contributes to organizational learning, practice development, and refinement of the local development programme/inclusive financial sector approach;
- ☐ **Support to Policy Impact and Replication:** Aims to establish, credibly, for UNCDF, UNDP and their LDC and co-funding partners, the viability and desirability of the extension, replication and scaling up of the UNCDF pilots, and helps to establish the validity or otherwise of pilot experiences and lessons as a basis for adjusting national policy, regulatory and legal frameworks; creates a trigger and basis for discussion in the LDC on inclusive financial sector development/local development and decentralization progress and options;

Final evaluations, conducted during the last year of a programme, focus on programme performance with respect to results achievement (effectiveness), the efficiency with which results are achieved, the sustainability of results achieved, lessons from programme design, implementation arrangements, management and partnerships and reflect on the strategic justification for the future role, if any, of UNCDF in the programme country.

Success in carrying out development evaluation requires partnerships in evaluation with national and international actors. In the context of wider efforts to improve the efficiency and added value of the UN's development operations, opportunities for collaboration on evaluations with UNDP and other development partners are actively sought. Opportunities will be sought for collaboration with national partners in conducting the evaluation.

Timing and budget allocation - The final evaluation will be conducted during the final year and will a) assess the extent to which the strategy defined and adopted by the programme has contributed to improving the efficiency, effectiveness and quality of local development practices in the six concerned districts and determine to what extent the programme goals have been achieved and b) appraise the policy-relevance of the LLDP (in terms of both decentralisation and poverty reduction strategies and its impact on national decentralisation and poverty reduction practices. An amount of US\$75,000 has been allocated for the Final Evaluation in the project budget .

Responsibility - The UNCDF Evaluation Adviser is responsible for ensuring that UNCDF-managed programme evaluations are undertaken in accordance with the Evaluation Policy and related Evaluation Quality Standards, as well as the UN Norms and Standards for Evaluation in the UN System."

PART V. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA and all CPAP 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:

- a) 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;
- b) 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".

**LESOTHO LOCAL DEVELOPMENT PROJECT: PROGRAMME RESULTS AND RESOURCES
FRAMEWORK (Preliminary draft)**

Intended Outcome as stated in the UNDAF / Lesotho:

1. Enhancing good governance processes and build institutional capacity through decentralization and devolution of power to local communities, strengthening national capacity for development management and policy implementation
2. Developing basic services and increasing their accessibility to vulnerable groups (women, children and youth) through improved primary health care, basic education, improved drinking water and sanitation facilities, food security and nutrition, and HIV and AIDS
3. Enhancing management of natural resources through natural resources management and the promotion of increased food production

Outcome Indicator:

- % of local government institutions (region, district) adopting key principles of good governance
- % of households with improved access to water and sanitation, access to schools and health facilities, social amenities
- % of the population below the basic needs poverty line
- Households benefiting from improved natural resource use
- Improved food production and productivity

MYFF (Multi-year Funding Framework), UNDP Service lines

Goal 1: Achieving the MDGs and reducing human poverty: 1.3 Local poverty initiatives; 1.5 Private-sector development;
1.7 Civil society empowerment

Goal 2: Fostering democratic governance: 2.6 Decentralization, local governance and urban/rural development

Goal 3: Energy and environment for sustainable development : 3.1 Frameworks and strategies for sustainable development;
3.2 Effective water governance; 3.4 Sustainable land management to combat land degradation;
3.5 Conservation and sustainable use of biodiversity

Partnership strategy: The Lesotho Local Development Project (LLDP) will be successful only when many partners are working together in effecting decentralisation for poverty reduction and achieving the Millennium Development Goals. The GoL will be the lead agency supported by UNDP, UNCDF, GTZ, the World Bank and in liaison with other development partners involved in other components of the Public Sector Improvement and Reform Programme (PSIRP) such as DFID and DCI. The LLDP will ensure close liaison with donors under the LLDPSC on a regular basis.

Programme title and (ID): Lesotho Local Development Project (LES/07/C01)

INTENDED OUTPUTS	OUTPUT INDICATORS	INDICATIVE ACTIVITY	INPUT COMPONENTS
<p>1. Systems for inclusive, pro-poor, decentralized and effective planning and budgeting of local development are established at central level and applied in the three central districts</p>	<ul style="list-style-type: none"> -Number of bye laws, regulations and guidelines prepared, officially approved and disseminated - Number of council development plans approved, implemented and linked to the district and national development plans 	<p>Central Government:</p> <ul style="list-style-type: none"> - Support process of preparation of decentralization strategy, vision and framework being facilitated by GTZ - Support FDTT in preparation of policy and regulations on fiscal decentralization. - Setting up of and support to the DSC which includes all stakeholders - Support the drafting of regulatory frameworks and codes of conduct, as well as accountability and anticorruption regulations - Establish and disseminate guidelines and procedures for participatory planning and budgeting - Provide training in local level planning & budgeting processes - Establish mechanisms for the provision of technical support by line agencies and others to local planning/budgeting - Establish and activate cost-effective mechanisms for enhancing downward accountability - Support the initiatives of the Steering Committee through workshops, meetings, etc. - Support Task Teams to address key measures related to the 	

			<p>decentralisation process</p> <ul style="list-style-type: none"> - Establish & operationalize a monitoring system - Define and operationalize a comprehensive communication strategy - Organize workshops and seminars to inform large audience on LLDp' approaches, results and best practices - Prepare publications on major achievements and lessons learned 	
	Number of community council development plans linked to district development plans and the national planning framework.			
	Number of community council development plans approved and implemented.			
	Number of development plans published, reports prepared and disseminated			
	Number of formal regulations issues on the basis of programme initiatives (not clear)			

Intended Outputs	Output targets	Indicative activities	Input components
<p>OUTPUT 1</p> <p>Systems for inclusive, pro-poor, decentralized and effective planning and budgeting of local development are established at central level and applied in the three central Districts.</p> <p>Indicators</p> <ul style="list-style-type: none"> # of bye-laws, regulations, guidelines prepared and officially promulgated # of District decentralization Committee established and operation # of Local development committees established and operational # of CDAs established and operational # of annual Community Conversations held # of workshops and seminars organized at local and central level # of publications, brochures, reports prepared and 	<ul style="list-style-type: none"> Effective national institution facilitating coordination, decentralization, capacity building and community empowerment Cabinet decisions on issues related to decentralisation by different departments National strategy for replication and expansion of good governance practices Donor Liaison Meetings on decentralisation process in Lesotho Poverty reduction processes enhanced at the local levels through community inputs and enthusiasm Simple and efficient data collection and monitoring system defined and implemented Communication tools able to reach difference audiences 	<p>a) At central level</p> <ul style="list-style-type: none"> Preparation of decentralization strategy, vision and framework Preparation of policy and regulations on fiscal decentralization Setting up of and support to the Inter Ministerial DSC Support the drafting of bye-laws, regulatory frameworks and codes of conduct, as well as accountability and anticorruption regulations Establish and disseminate guidelines and procedures for participatory planning and budgeting Provide training in local level planning & budgeting processes Establish mechanisms for the provision of technical support by line agencies and others to local planning/budgeting Establish and activate cost-effective mechanisms for enhancing downward accountability Support the initiatives of the Steering Committee through workshops, meetings, etc. Support Task Teams to address key measures related to the decentralisation process Establish & operationalize a monitoring system <p>Define and operationalize a comprehensive communication strategy</p> <p>Organize workshops and seminars to inform large audience on LLDP approaches, results and best practices</p> <p>b) At the District level</p> <ul style="list-style-type: none"> Prepare publications on major achievements and lessons learned Establish District Decentralisation Committees chaired by the District Administrator to implement capacity building programmes for the local governments Strengthen district policy-making capacity Establish clear monitoring and evaluation, communication and result based information management systems Building the capacity of Districts on accountability & legitimacy Strengthening associations of civil society (non-state actors, private sector) Supporting the creation & operationalization of District technical 	<p>Technical Input:</p> <ul style="list-style-type: none"> Technical support by project team Technical services by public providers Technical services by private providers Regular technical backstopping by UNCDF LD Unit Ad-hoc technical reviews by external resource persons/institutions Technical support by staff Technical services by public providers Technical services by private providers Technical backstopping by UNCDF/LDU Ad-hoc technical reviews by external resource persons

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disseminated # of formal regulations issues on the basis of programme initiatives	Improved regulations and legal frameworks concerning role of LGs in local development and poverty reduction •	<p><i>commissions</i></p> <p>c) At the Village level</p> <ul style="list-style-type: none"> • Support creation & operationalization of inclusive & homogenous Local Development Committees • Establish Community Development Associations (CDAs) • Conduct Community Conversations for community empowerment and planning 	<p>Indicative financial input:</p> <p>150,000 US\$</p>
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Intended Outputs	Output targets	Indicative activities	Input components
<p>OUTPUT 2.</p> <p>implementation of sustainable mechanisms for provision of public infrastructure and delivery of social services are strengthened..</p> <p><u>Indicators</u></p> <p><u>Number of public infrastructure projects being implemented jointly with councils and # of tools, guidelines, manuals prepared and utilized for training of key stakeholders</u></p> <p><u>Number of staff transferred to Councils</u></p> <p><u>Increased number of service providers (government, private sector, and NGO) engaged in the implementation of Council projects.</u></p> <p># of Councils effectively participating in development activities</p>	<ul style="list-style-type: none"> Local governments' efficient planning, implementing, delivering procedures Clear guidelines and procedures about the roles of and interactions between central government, districts and communities Adequate tools for planning, budgeting, procurement, monitoring 	<ul style="list-style-type: none"> Prepare composite document stipulating decentralized and devolved functions by the sector Ministries to District and Community Councils Prepare paper for the organisational structure of district and community councils Operationalize the clarified functions and structures of District and Community Councils inclusive of assigned staff from sector ministries Clarify the relations between the structures: government, district and community councils Carry out service delivery needs assessment of district and community council communities Carry out a capacity needs assessments/baseline studies of councils based on agreed functions and structures and service delivery needs of communities Prepare and disseminate Council administration, planning, budgeting, financial, and procurement and reporting guidelines, procedures and regulations Prepare procedures and manuals for local economic development consultation and implementation guidelines (including forms of public-private partnership) Procedures, Guidelines, Operational Manuals, Regulations launched and disseminated Implement capacity building activities Conduct monitoring visits to District and community councils to assess performance according to functions Prepare participatory Annual Reviews 	<p><u>Technical input:</u></p> <p>Technical support by staff</p> <p>Technical services by public providers</p> <p>Technical services by private providers</p> <p>Technical backstopping by UNCDF/LDU</p> <p>Ad-hoc technical reviews by external resource persons</p> <p><u>Indicative financial input:</u></p> <p>100,000 US\$</p>

Intended Outputs	Output targets	Indicative activities	Input components
<p>OUTPUT 3. Financing for local public infrastructure and service provision as well as for local economic development of rural communities are established and are operational in Central Districts</p> <p>Indicators # of Districts compliant to funding arrangements</p> <p># of private-public partnerships formed to construct, rehabilitate & establish maintenance and operations of social infrastructure</p> <p># of households benefiting from social protection measures</p> <p># of Districts with easy access to updated data relevant to local development</p> <p># of poor with improved access to health centres</p>	<ul style="list-style-type: none"> Local economic development activities funded Improved livelihoods through improved agricultural practices & support to NRM 	<p>a) At central level</p> <ul style="list-style-type: none"> Definition of formal fiscal decentralization legislation & regulations Establishment of a Local Government basket fund Formulate appropriate procedures concerning allocation of investment funds to sub-national planning and budgeting units Establish sound fund flow mechanisms and appropriate (and potentially sustainable) arrangements for financial management, including auditing. Guidelines and operational manual (including conditions related to access to and use of basket fund, performance measures, etc.) Conduct of annual independent audits of basket fund Study on local revenue raising potentials Recommendations concerning revenue mobilisation by councils <p>b) At District level</p> <ul style="list-style-type: none"> Infrastructure & service needs assessment Support to identification & implementation of <ul style="list-style-type: none"> pro-poor delivery of economic infrastructure pro-poor delivery of social services (particularly in the crucial area of HIV/AIDS); measures stimulating & sustaining local economy social protection measures Support to small businesses and small-scale entrepreneurs. Train facilitator NGO(s) on community conversations <p>c) At community level</p> <ul style="list-style-type: none"> Identification and implementation of measures aimed at improving the productivity of agricultural activities. Identification and implementation of measures aimed at diversifying rural economy (off-farm employment). Identification and implementation of measures aimed at sustainable NRM Identification and implementation of measures aimed at improving social protection 	<p>Technical input:</p> <ul style="list-style-type: none"> Technical support by staff Technical services by public providers Technical services by private providers Technical backstopping by UNCDF/LDU Ad-hoc technical reviews by external resource persons Financial inputs for technical publications on lessons learned <p>Indicative financial input:</p> <p>1,500,000 US\$</p>

Intended Outputs	Output targets	Indicative activities	Input components
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OUTPUT 4 National policies concerning decentralisation and the roles and functions of local government on local development and poverty reduction are informed by LLDP's lessons learned and best practices # of	<ul style="list-style-type: none"> Process established for compiling lessons and best practice from project Mechanisms for disseminating and sharing lessons established 	<ul style="list-style-type: none"> Establish and operationalize a monitoring system Define and operationalise a comprehensive communication strategy Organise workshops and seminars to inform large audience of LLDP approaches, results and best practices Prepare publications on major achievements and lessons learned 	Technical input: Technical support by staff Technical services by public providers Technical services by private providers Technical backstopping by UNCDF/LDU Indicative financial input: 52,000 US\$
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Intended Outputs	Output targets	Indicative activities	Input components
OUTPUT 5 Technical and administrative services, personnel & equipment	<ul style="list-style-type: none"> Mechanisms for disseminating and sharing lessons established Project management support services Integrated computer network at central level, leased line connections to district offices for integrated e-mail and web-based local government portal 	<ul style="list-style-type: none"> Technical advisors Support staff Purchase of equipment 	Technical input: Technical support by staff Technical services by public providers Technical backstopping by UNCDF/LDU Indicative financial input: 869,500 US\$

TOTAL Budget (by output)

Output 1:	147,500
Output 2:	124,500
Output 3:	1,206,500
Output 4:	52,000
Output 5 & 6:	869,500

TOTAL UN funded budget	2,400,000
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Government Cost-sharing:	114,000
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TOTAL	2,514,000
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Summary budget:

Award ID: 00050745

Award

Title: Lesotho Local Development Project

Duration: June 2008 - December 2011

Project ID:	Expected Outputs	Key Activities	Timeframe (TBC)				Responsible Party	Fund	Donor	Account Code	Budget Description	Y-2008	Y-2009	Y-2010	Y-2011	TOTAL
			2008	2009	2010	2011										
	1. Systems for inclusive, pro-poor, decentralized and effective planning and budgeting of local development are established at central level and applied in the three central Districts.	• Effective national institution facilitating coordination, decentralization, capacity building and community empowerment • Cabinet decisions on issues related to decentralisation by different departments • National strategy for replication and expansion of good governance practices • Donor Liaison Meetings on decentralisation process in Lesotho • Poverty reduction processes enhanced at the local levels through community inputs and enthusiasm	NEX	04000	00012	71600	Travel, Workshops & Study Tours	20,000	10,000	5,000	5,000	20,000	30,000	80,000		
			NEX	04000	00012	72500	Furniture	3,000	5,000	5,000	5,000	5,000	5,000	18,000		
			NEX	04000	00012	72500	Printing	1,000	5,000	5,000	5,000	5,000	5,000	16,000		
			NEX	04000	00012	72500	Sundries	1,000	5,000	5,000	5,000	5,000	5,000	11,000		
			NEX	04000	00012	74500	Miscellaneous	2,000	3,500	3,500	3,500	3,500	3,500	12,500		
			NEX	04000	00012	71200	Sub-Total UNCDF	-	-	-	-	-	-	-	-	-
			NEX	04000	00012	71200	Sub-total UNDP	37,000	23,500	23,500	23,500	23,500	23,500	48,500	147,500	
	2.Procedures	Required capacities and resources to LGs to	NEX	04000	00012	71200	National Consultancies	29,500	10,000	10,000	10,000	10,000	10,000	68,500		

Figures in US Dollars

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		and the roles and functions of local government on local development and poverty reduction are informed by LLDP's lessons learned and best practices	Define and operationalize a comprehensive communication strategy	Organize workshops and seminars to inform large audience on LLDP's approaches, results and best practices	Prepare publications on major achievements and lessons learned	NEX	04000	00012	71300	Local Consultants	5,000	5,000	5,000	20,000	
5 and 6. Technical and Administrative support						NEX	04000	00012	71100	Sub-Total UNCDF	-	-	-	-	
						NEX	4000	00012	71500	Programme Specialist		20,000	50,000	70,000	140,000
						NEX	04000	00012	71300	Support Staff	12,000	20,000	20,000	20,000	72,000
						NEX	04000	00012	71300	2 Local Experts	30,000	20,500	20,000	43,500	114,000
						NEX	04000	00012	72200	Vehicle	30,000	5,000	5,000	5,000	45,000
						NEX	04000	00012	72800	IT Equipment	20,000		5,000	10,000	35,000
						NEX	04000	00012		Sundries		500	3,500	3,500	7,500
						UNCDF	G1310	1853	71200	External Evaluation				75,000	75,000
						UNCDF	G1310	1853	71800	Technical backstopping	32,857	10,000	10,000	15,000	87,857
						UNCDF	G1310	1853	75100	Implementation fees (5%)	57,143				57,143
					Sub-Total										

UNCDF	90,000	10,000	10,000	90,000	200,000
Sub-total UNDP	132,000	212,000	173,500	152,000	669,500
Sub-Total	222,000	222,000	218,357	242,000	869,500
					2,400,000

Total UN contribution	UNCDF	1,200,000
	UNDP	1,200,000
	Total	2,400,000
Government contrib.:		114000
Total contribution		2,514,000

Appendix 2 (to be prepared at the inception phase, according to the following format)

Annual Work Plan

Year: 2008

[illegible]

¹⁰ List monitoring activities such as Field Monitoring Visits, Technical Backstopping missions, Evaluations, Annual Programme Reports,