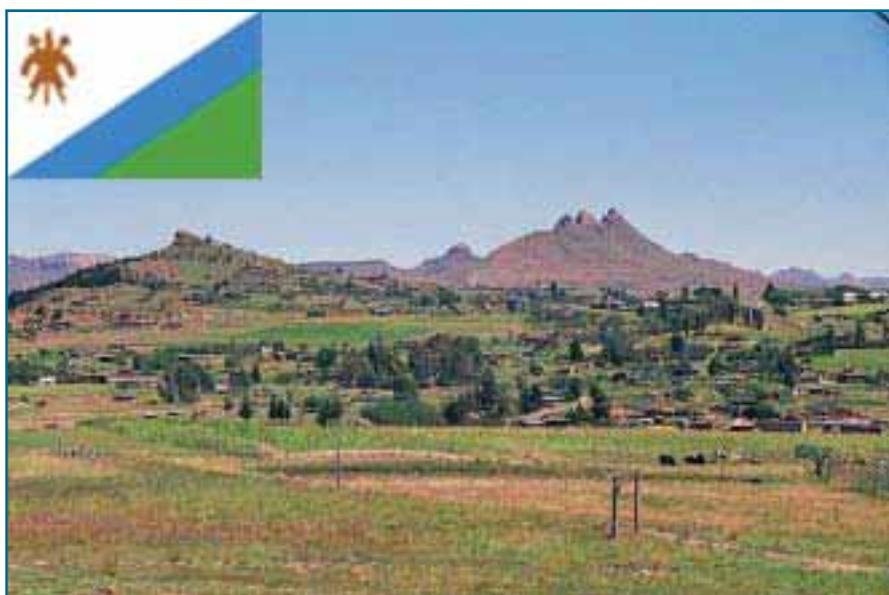


# Evaluation of DFID's Country Programmes: Country Study Lesotho 2000 – 2004

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**DEPARTMENT FOR INTERNATIONAL DEVELOPMENT**

**EVALUATION REPORT EV657**

**Evaluation of DFID's  
Country Programmes:  
Country Study LESOTHO  
2000 – 2004**

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May 2005

## **ACKNOWLEDGEMENTS**

This report has been prepared by an independent team from the Performance Assessment Resource Centre (the PARC<sup>1</sup>) consisting of Julian Gayfer (Team leader), Michael Flint and Annalize Fourie. The team is very grateful to all who have provided support, information and comments.

The team was greatly assisted by the DFID office in Maseru and Pretoria, and by Lynn Quinn from Evaluation Department. Rajan Soni (consultant) supported the Inception Phase. Full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID nor of the people consulted.

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<sup>1</sup> [www.parcinfo.org](http://www.parcinfo.org)



## PREFACE

This evaluation of DFID's Lesotho country programme is one of series of regular Country Programme Evaluations (CPEs) commissioned by DFID's Evaluation Department. The studies are intended to help improve performance, contribute to lesson learning and inform the development of future strategy at country level.

The evaluation was carried out by a team of independent UK and local consultants led by the PARC. It was managed by Iain Murray and Lynn Quinn of Evaluation Department.

The methods and approach had earlier been piloted in studies of three smaller country programmes during 2003. They were further tested in an evaluation of the Bolivia programme in November 2004. As the CPE programme develops, DFID's larger country programmes in Africa and Asia will be examined during 2005/6.

The study period focused on DFID's programme during the period 2000–2004. The evaluation was carried out between January and April 2004. This included an in-country visit during the first two weeks in February when interviews with key DFID staff and other stakeholders were carried out.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff during the process and on communicating findings effectively. They were invited to discuss findings at a workshop during the evaluation, by providing written comments on the draft reports and through a seminar on 19 April linking between London, Pretoria and Maseru.

Key study conclusions include:

- Overall, DFID's programme in Lesotho has been a good, albeit conventional small country programme. Strengths have been significant and have included the support provided to the PRS, the way relationships with partners have been developed and the efficient delivery of the programme by the Field Management Office.
- DFID's programme might have been improved further had it been more strategic and focused in certain areas. We could have responded more quickly to changes in the context and environment and the response to the HIV & AIDS crisis in Lesotho was insufficient.
- For the future, the evaluation suggests that priorities should include developing a more externally oriented development programme including, where possible, promoting the role of RSA as a development partner in Lesotho.
- The harmonisation agenda, the small size of the DFID office and the closure of the British High Commission all point to actively building upon recently established partnership platforms with other European donors.

Following up the pilot studies, the consultant team also produced a note for summarising their reflections on what we have learned about CPE methods (including the 'light touch approach') during this study and the Bolivia CPE.

This has been an important lesson learning opportunity for DFID and the usefulness of the study findings has resulted from efforts of many different people. EvD would like to acknowledge the contribution made by the evaluation team itself, but also the active and positive cooperation of DFID staff and development partners in Pretoria and Maseru.

M. A. Hammond  
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May 2004

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**Glossary**

AGOA	African Growth and Opportunity Act
APCBP	Agricultural Policy and Capacity Building Programme
BHC	British High Commission
BLNS	Botswana, Lesotho, Namibia & Swaziland
CAP	Country Assistance Plan
ComMark	Making Commodity & Service Markets Work for the Poor
CP	Country Programme
CPE	Country Programme Evaluation
CS	Civil Society
CSP	Country Strategy Paper
DBS	Direct Budgetary Support
DCI	Development Cooperation Ireland
DFID	Department for International Development, UK
DFIDSA	DFID Southern Africa
EC	European Commission
EDAL	European Development Agencies in Lesotho
EDF	European Development Fund
EvD	Evaluation Department, DFID
EU	European Union
FCO	Foreign and Commonwealth Office, UK
FDI	Foreign Direct Investment
FMO	Field Management Office
GDP	Gross Domestic Product
GFATM	Global Fund for AIDS, TB and Malaria
GFP	Global Funds and Partnership
GNI	Gross National Income
GoL	Government of Lesotho
GTZ	Gezellschaft fur Technische Zusammenarbeit
HWDS	Highland Water Development Scheme
IEC	International Election Commission
IMF	International Monetary Fund
LCN	Lesotho Council of Non-Governmental Organisations
LDC	Less Developed Country
LRAP	Livelihood Recovery through Agriculture Programme
LVAC	Lesotho Vulnerability Assessment Committee
MCA	Millennium Challenge Account
MDG	Millennium Development Goals

MFA	Multi-Fibre Agreement
MIC	Middle Income Country
MTCT	Mother to Child Transmission Rate (HIV/AIDS)
MTEF	Medium Term Expenditure Framework
NAC	National AIDS Commission
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
oda	Official Development Assistance
PARP	Policy and Resource Plan
PM	Programme Manager
PMU	Poverty Monitoring Unit
PSA	(DFID) Public Service Agreement
PSIRP	Public Sector Improvement and Reform Programme
PLWHA	People Living with HIV and AIDS
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
RSA	Republic of South Africa
SACU	Southern African Customs Union
SADC	Southern Africa Development Community
SSA	Sub-Saharan Africa
SSAJ	Safety, Security and Access to Justice
TA	Technical Assistance
UN	United Nations
VCT	Voluntary Counselling and Testing
WB	World Bank
WFP	World Food Programme

## EXECUTIVE SUMMARY

S1. This is the report of an evaluation of the Department for International Development, UK (DFID) country programme in **Lesotho** between 2000 and 2004. Bilateral aid over this period, when DFID has been the seventh largest donor of gross Official Development Assistance (oda), amounted to approximately £11 million (USD 20 million).

S2. This was a 'rapid and light' country programme evaluation undertaken during a two-week visit to Lesotho in February 2005. The main objectives of the evaluation were to provide an account of the performance of the programme over the period since 2000 and to derive lessons to inform future DFID programming.

## FINDINGS

S3. This evaluation has used two main criteria for assessing the performance of the Lesotho programme: programme quality (strategy, relationships, organisation and portfolio) and programme effectiveness (project results, influence and contribution to outcomes). Judged against both, the overall conclusion is that this has been a good, albeit conventional, small country programme.

S4. The main strengths of the programme have been:

- effective alignment with national priority areas, notably strengthening democracy in a fragile political context, and supporting the Poverty Reduction Strategy (PRS)
- well-established and well-managed relationships with development partners
- generally relevant and effective interventions, including valuable support to the PRS and the private sector
- reasonably efficient programme delivery based on an effective Field Management Office (FMO) in Maseru.

These have resulted in DFID being a valued and respected development partner in Lesotho.

S5. There are a number of areas where DFID's performance might have been improved:

- DFID's strategy and programme has been insufficiently focused
- DFID's response to the HIV/AIDS crisis has been insufficient and unfocused
- DFID has lacked a strategic approach to influencing informed by an analysis of the drivers of change. While DFID has been right to respect Government of Lesotho (GoL) leadership, it has not been a sufficiently strategic and challenging partner
- DFID has contributed to improving donor coordination and harmonisation, but has not strengthened government coordination of donor activity, accorded sufficient priority to non-European donors, nor had a clear strategy for advancing donor harmonization
- an internal drive in DFID Southern Africa (DFIDSA) to work regionally has resulted in regional programmes that have struggled to relate effectively to the special development challenges and needs of Lesotho (with the notable exception of ComMark (Making Commodity & Service Markets Work for the Poor)).

S6. While on balance the overall assessment is very positive, the evaluation does raise two larger questions about the nature and appropriateness of DFID engagement with Lesotho.

**Has DFID's approach to aid management been appropriate given the small size of the programme and the small population of Lesotho?**

S7. The dilemma for DFID and other donors is that the effective management of a bilateral programme has significant fixed costs regardless of the size of the country. Acting individually, all donors risk ending up with offices and staff inputs that are both too large in cost terms relative to the size of the population, but still too small in terms of professional and high-level in-country presence. In DFID's case, the lack of an effective partnership with the British High Commissions (BHC) in Maseru and Pretoria may also have resulted in the DFID programme in Lesotho being less effective and influential than it might have been.

S8. Better partnership is the key to solving both these problems: partnership with other donors in sharing management resources, including offices and advisers, and partnership with the Foreign and Commonwealth Office (FCO) or another European delegation at the political level. The forthcoming closure of the BHC in Maseru, and the reduction in the number of DFID advisers, presents a real opportunity and necessity for partnership with another donor or donors.

**Has the DFID programme focused on the right strategic priority given Lesotho's special and changed context?**

S9. Lesotho is the only low-income country in Africa completely surrounded by a middle-income country (Republic of South Africa - RSA). While this makes Lesotho uniquely vulnerable, it also means that it is uniquely advantaged in economic terms. The context has also changed very significantly over the past decade with democratic elections in RSA, the completion of the first phase of the Highland Water Development Scheme (HWDS), the increasing threat of HIV/AIDS, and the growth (and now vulnerability) of the garment industry.

S10. It can be argued that donors (including DFID) have not responded sufficiently or appropriately to Lesotho's special and changed context. Support for Lesotho as an economic and political 'island' was justified prior to the democratic elections and constitutional settlement in RSA in the 1990s. However, with the changing political and economic landscape in RSA, Lesotho can no longer be regarded as an island surrounded by a hostile and unconstructive neighbour. Nor is it just another small sub-Saharan country which requires the standard development approach. The major development challenge for Lesotho is how it makes the most of its favourable location in relation to the South African economy. What is required is an **externally** rather than **internally** orientated development programme and engagement, one that seeks to support and maximise Lesotho's favourable economic integration with South Africa. It is this, coupled with action on international trade and support for private sector development, which offers the best chance of reducing poverty and achieving the Millennium Development Goals (MDGs) in Lesotho.

## LESSONS FOR THE DFID PROGRAMME IN LESOTHO

Three conclusions follow from this analysis:

- i. There is a real opportunity and necessity for DFID to advance the harmonisation agenda by entering into **partnership** with one or more European donors in Lesotho. The closure of the BHC and the positive climate for aid coordination makes this an ideal opportunity. This will require action and willingness to compromise on policy and procedures.
- ii. The key development challenge for DFID is to support and promote Lesotho's **regional economic integration**. This needs to become the priority issue for engagement by the UK Government (HMG) and its Departments (DFID, FCO and others).
- iii. The **Republic of South Africa** is a key development partner with respect to Lesotho for DFID and the FCO. This will require joint action in both Maseru and Pretoria, and a special focus on enhancing the role of RSA in the development of Lesotho.

## LESSONS FOR DFID MORE GENERALLY

- iv. **Trade issues** need to be a central part of DFID's bilateral and regional programmes. The success (albeit fragile) of the US African Growth and Opportunity Act (AGOA) and the garment industry in Lesotho demonstrates the importance of trade for poverty reduction. The garment industry generates USD 75 million per year in wages for poor women in Lesotho, which has had a major impact on income poverty.
- v. **DFID's partnership with the FCO needs to be improved.** The effectiveness of this partnership, within the particular context of small developing countries, remains too dependent on individuals and circumstances.

## 1. INTRODUCTION

1.1 This is the report of an independent evaluation of DFID's programme in Lesotho from 2000 to 2004. The evaluation had three broad objectives: to provide an account of the performance of the programme over this period (in terms of delivery against development objectives and management of resources), an assessment of overall value for money and DFID's added value as a development partner, and lessons to inform future DFID programming in Lesotho, Southern Africa and more widely (see Annex A for terms of reference).

1.2 DFIDSA is responsible for engagement in Lesotho, working within the framework of support it provides to the five countries constituting the Southern African Customs Union (SACU): namely Botswana, Lesotho, Namibia, South Africa and Swaziland. This evaluation reviews DFID's bilateral programme to Lesotho in the context of wider regional support.

1.3 This evaluation is the fifth in a series of pilot Country Programme Evaluations (CPEs) commissioned by the Evaluation Department (EvD) of DFID. It continues to refine and develop the 'outcomes based' and 'rapid and light' approach to CPEs, building on recent work in Bolivia<sup>2</sup>. In February 2005 an evaluation team of three independent consultants undertook a two-week visit to Lesotho/South Africa. This was preceded by a one-week inception visit to the DFID offices by a staff member from EvD and an experienced regionally based consultant. This approach to CPEs promises a number of advantages; resourcing proportionate to the size of the programme, a strong results based perspective and credible view on accountability, delivering quick insights on strategic issues and a turn-around time that feeds the evaluation into management processes and corporate learning.

1.4 The methodology of the light approach is based on three primary sources of evidence: consultations with past and present DFID staff; meetings with government, donor and civil society partners and consultants in Maseru (Annex B); and a rapid and selected review of existing DFID project-level and programme-level evaluations and reports (Annex C). No field or project visits to gather new primary data were carried out, nor were any additional studies or investigations commissioned. Only a limited range of respondents – mostly those who had been involved with DFID in some way – were interviewed. **Internal quality**<sup>3</sup> and **external effectiveness**<sup>4</sup> are the two main criteria used for assessing the performance of a country programme (see Annex D for the evaluation matrix).

1.5 The remainder of this report is structured as follows. Section 2 outlines the key features of the context (Lesotho, donors and DFID) within which the DFID programme in Lesotho has been designed and implemented. Sections 3 and 4 assess programme quality and programme effectiveness respectively. Section 5 assesses Lesotho's overall development progress. Section 6 presents the conclusions, lessons and issues emerging from the evaluation.

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<sup>2</sup> Country Study: Bolivia 2000–2004, DFID Evaluation Report EV 656, January 2005.

<sup>3</sup> Those aspects of the programme that are largely or substantially within DFID's control: strategy, relationships, internal organisation and the portfolio of activities.

<sup>4</sup> The results to which DFID has contributed at different levels (e.g. DFID project achievements, DFID programme outputs, DFID's contribution to intermediate and medium term outcomes).

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## 2. CONTEXT

*What were the significant features of the context in which the DFID country programme was designed and implemented?*

2.1 The aim of this section is to outline the significant features of the context – Country/Region, donor and DFID – which are important for understanding the design, implementation and performance of the DFID programme in Lesotho (see also Annex E for a timeline representation of shifts in the external environment).

### Lesotho

2.2 Lesotho is the poorest and the only less developed country (LDC) in the SACU region with a per capita gross domestic product (GDP) of \$580 in 2002<sup>5</sup>; 56% of its population of approximately 2m live below \$2 per day. With limited natural resources or agricultural potential - brought into sharp focus through the food crisis in the early 1990s – Lesotho is surrounded by, and heavily dependent upon the economy of RSA (pop. 40.4m); a middle income country (MIC) with the largest and most dynamic economy in Africa. This is a unique position for an LDC in Sub-Saharan Africa (SSA).

2.3 Despite a period of steady economic growth<sup>6</sup>, the incidence and depth of poverty increased during the 1990s. The recording and interpretation of development trends has been severely hampered by a very weak statistical base. Largely anecdotal evidence indicates a (growing) trend of population shift from the mountainous areas, to lowlands and to increasing urbanisation; driven by economic opportunities, the effects of HIV/AIDS, cattle theft and the long-term degradation of the environment. There is a worsening HIV/AIDS pandemic; the HIV infection rate is now 29%<sup>7</sup> of the 15–49 age group (the third highest in the world), the Mother to Child Transmission (MTCT) rate is continuing to rise, and the number of AIDS orphans is estimated at over 100,000. Critical data on the rate of new infections is not available.

2.4 Access to waged employment is seen (by GoL and the Basotho) as the key to sustained poverty reduction. There has been a rapid decline, since its peak in 1990, in unskilled migrant (mainly male) labour opportunities in South Africa (RSA) and therefore in remittances. The unrelenting “brain drain” from Lesotho to RSA and beyond, is set to continue until the skilled labour market in RSA is saturated. RSA is an attractive destination for all, offering better social protection measures, higher wages and access to improving public services.

2.5 Lesotho, a constitutional monarchy, is a relatively young democracy which has oscillated between a military dictatorship and a parliamentary democracy ever since independence in 1966. Whilst it has enjoyed increased political stability since the ‘coup’ and civil disturbances in 1998, and particularly since the 2002 elections the intervening period was

<sup>5</sup> World Bank Development Indicators 2002 figure – cited in DFID Southern Africa Strategy Paper, 2002. The UNDP Human Development Report for 2004 estimates per capita GDP for Lesotho in 2002 at \$402.

<sup>6</sup> Largely as a result of heavy investment in the Lesotho Highlands Water project (LHWP).

<sup>7</sup> UNAIDS 2004.

one which marked Lesotho as a 'fragile state'. Decentralisation and the establishment of new local government structures is core to the ruling party's manifesto<sup>8</sup>.

2.6 Sizeable foreign direct investment (FDI) in the garment industry has created approximately 54,000 (mainly female and mainly urban) jobs and accounts for around 70% of exports. Recent downturn due to uncertainty over the extension of African Growth and Opportunities Act (AGOA), the removal of textile quotas under the Multi-fibre Agreement (MFA) and, most critically, the strong Rand/US\$ exchange rate.

2.7 The strong and long established SACU provides 50% of government revenues. This permits an exceptionally large government budget accounting for over 40% of GDP and a disproportionate number of civil servants. Access to public services (and quality services) is problematic, particularly for the 85% of the population in rural areas. The new SACU agreement in 2002 maintained net transfers, but these are set to decline as trade liberalisation progresses.

2.8 Since 1998 there has been three major development policy initiatives; Vision 2020 (due for publication in March 2005), the Public Sector Improvement and Reform Programme (PSIRP) initiated in 1999, and the Poverty Reduction Strategy Paper (PRSP) process (started in February 2000 and approved by Cabinet October 2004). Among the strongest civil society organisations are women's organisations, faith-based organisations and youth organisations. Civil society through the Lesotho Council of Non-Governmental Organisations (LCN) has been involved in the Vision 2020 & PRSP processes. Land tenure remains a constraint to investment at all levels. Women, whilst traditionally benefiting from education and well represented within the civil service, have weak civil rights.

2.9 Lesotho's recent relationship with the RSA has been marked by periods of strain – in particular following the South African Government military intervention to restore order in 1998 – and more general uncertainties amongst the Basotho over the extent to which the RSA is actively looking to play the role of a developmentally supportive, if dominant, neighbour<sup>9</sup>. Lesotho currently enjoys good relations with RSA. Whilst Lesotho remains vulnerable to global and regional economic forces, fiscal shifts and the national and regional impact of HIV/AIDS it can also be seen as being arguably the most favourably located LDC in Africa. Lesotho plays a full part in the Southern African Development Community (SADC), currently holding the Chair of the organ of Peace and Security in Southern Africa. It has signed up for peer review by the New Partnership for Africa's Development (NEPAD) – an African-led strategy for sustainable development and poverty reduction in Africa.

## **Development assistance**

2.10 Lesotho is not overly aid dependent. External funding has provided 7% of non-principal expenditure (but 33% of capital expenditure) since 2000/1. The net level of oda of \$79m in 2003 equates to approx \$120 per person living on less than \$1/day (equivalent to 6% of gross national income – GNI).

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<sup>8</sup> Local government elections are scheduled for May 2005.

<sup>9</sup> The Joint Bilateral Commission of Cooperation, initiated in 2003 as the result of President Mbeki's commitment to lift Lesotho out of LDC status in five years has to date been marked by a set of small and non-strategic projects none of which have received funding.

2.11 There has been an overall decline in development assistance over the past ten years<sup>10</sup>, but a slight increase over the period 2001 – 2003. The donor community is small with significant World Bank, European Union (EU) and United Nations (UN) programmes and five large/medium scale bilateral programmes: Ireland, Germany, UK, USA and Japan. The UK is the seventh largest donor, providing 6% of net bilateral oda in 2002 (see Annex F for aid statistics). DFID bilateral aid to Lesotho has remained at a relatively constant level over the last five-year period – ranging from £2.3m to £3.3m<sup>11</sup> (see *table 1* below). In terms of the number of poor people below \$1 a day the proportionate spend of DFID bilaterally in Lesotho at £3m pa is slightly down/broadly on par with that of the rest of the SACU region. The RSA is yet to operate formally as a donor.

**Table 1: DFID aid to Lesotho, South Africa and Africa (£m)**

	<b>Lesotho</b>	<b>South Africa</b>	<b>Africa</b>
1999/2000	2.9	29.6	494
2000/1	2.3	30.1	649
2001/2	2.7	25.5	583
2002/3	2.9	36.4	747
2003/4	3.3	42.4	716
<b>2000/1–2003/4</b>	<b>11.2</b>	<b>134.4</b>	<b>2695</b>

2.12 Lesotho is also a beneficiary of DFID’s regional work across SADC (allocation of £7m pa), and DFID’s contribution to Lesotho through multilateral channels: about £1m pa through the European Development Fund (EDF) programme, a contribution to the costs of World Bank lending and to the costs of United Nations programmes. In 2002 the imputed UK share of multilateral net ODA was £2 million.

2.13 In the 1980s there were many donors resident in Lesotho, mainly as a means of engaging with civil society in South Africa in support of the anti-apartheid ‘struggle’. Since the early 1990s there has been a trend of donors re-locating to regional offices in Pretoria. At present it is the EU, UN agencies, Development Cooperation Ireland (DCI), Gezellschaft fur Technische Zusammenarbeit (GTZ) and DFID who manage programmes from Maseru.

2.14 Donors have signalled a move away from stand-alone projects towards more programmatic support in line with the emerging PRS. However, according to the Minister of Finance ‘the bulk of development assistance remains in the form of un-harmonised ‘project aid which has a multiplicity of conditions, reporting requirements and numerous supervision missions including workshops with stakeholders’<sup>12</sup> Donor calls to GoL for a donor round-table and more regular engagement with donors as a group have as yet not produced a coherent response.

<sup>10</sup> Total oda to Lesotho in 1990 was 23% of GDP compared to 2002 figure of 10.7%.

<sup>11</sup> Southern Africa Strategy Paper commitment of around £5m of bilateral spend of the £40m allocated for bilateral spend in the SACU region.

<sup>12</sup> Minister of Finance Budget speech February 2005.

2.15 Whilst there is a positive climate for donor coordination and ‘passive’ coordination (informal consultation and information sharing is generally good), there is much less ‘active’ coordination or harmonisation. For example: no follow through on 2001 workshop agreement that there should be a single country support strategy for EU Member States; this was the third country evaluation in 2004 (following DCI and EC); little evidence (apart from HIV/AIDS) of donors agreeing common position among themselves and with government; and weak linkage (and information sharing) between World Bank and other donors. On the other hand, the pooled technical assistance (TA) arrangement for the support to the PRS was a positive and significant step towards harmonisation.

## **DFIDSA**

2.16 In early 2000 DFIDSA were asked to consider developing a regional strategy to replace DFID bilateral programmes in Botswana, Namibia, Lesotho and Swaziland (BLNS). Whilst noting the distinctiveness of problems and policy environment for the four countries, and the absence of strong institutional partners at the regional level<sup>13</sup>, DFIDSA concluded (December 2000) that its impact on poverty in SACU would be increased through adopting a more explicit regional approach embracing three ways of working; shared problems, common problems and single country activities. HIV/AIDS was identified as the most pressing constraint to development across the region and initiatives to tackle HIV/AIDS were identified as the priority for oda.

2.17 The Southern Africa Strategy Paper (Oct 2002) distinguishes Lesotho as a LDC from the four other MICs. It was designated a Public Service Agreement (PSA) country in 2002. DFID undertook to follow the same approach in Lesotho as in SADC other low-income countries supporting the development of a PRS and aiming – once budgetary systems were sufficiently strengthened – to back its implementation through direct budgetary support (DBS) and technical cooperation. This commitment (from 2001) set the context for DFIDSA direct assistance to Lesotho (positioned within the wider regional strategy) over the next two to three years. Lesotho was expected to be a major beneficiary of DFID’s regional work on trade and HIV/AIDS.

2.18 The Policy and Resources Plan (PARP) 2001 – 2004 set out the overall aims of DFIDSA: to shift resources away from management of small bilateral initiatives towards more upstream programme development and policy dialogue work, contracting out non-core work where possible, and away from the management of the bilateral programmes in BLNS countries towards the South Africa programme and DFIDSA new regional strategy<sup>14</sup>. The food crisis in Lesotho in 2001–2 spurred by widespread drought in Southern Africa demanded and received a direct and in-country response from DFID; actions that seemingly ran counter to the strategic direction set for DFID support. DFIDSA were alive to this and were effective in engaging with the food crisis in a way that realised the opportunities for addressing systemic weaknesses in Lesotho’s thinking and practice on food security issues.

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<sup>13</sup> DFIDSA 2001 – Recognition that regional bodies are weak and have not generally proved to be effective channels for development initiatives involving several countries.

<sup>14</sup> This active disengagement from lower priority activities in order to prioritise upstream work was to be reflected in a reduction of DFIDSA budget lines to 50 by March 2003.

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2.19 DFID's Southern Africa strategy has continued to evolve over the Lesotho evaluation period in response to concerns over; whether the need for country sovereignty outweighs the need for regional integration, the coherence of regional interventions and their effectiveness and efficiency, the relevance of tackling things on a SACU 'regional' basis rather than a SADC 'regional' basis, the relevance of SADC as a regional institution in the medium to long term and the need for a drivers of change type analysis to pan-African integration and regional agendas, as led since 2002 by NEPAD.



### 3. PROGRAMME QUALITY

*What was the quality of DFID's programme and process (strategy, relationships, internal organisation and portfolio of activities)?*

3.1 This section assesses the internal quality of DFID's programme. It covers those aspects of the programme that are largely or substantially within DFID's control: its strategy, relationships, internal organisation and portfolio of activities.

#### Strategy evolution

3.2 Two distinct periods to DFID strategy can be identified<sup>15</sup>: up to the elections in 2002 ('maintaining engagement and waiting to see what the 2002 election brings') and a post-election strategy focusing on 'programme development around the PRS'. There was early recognition of the potential significant opportunity to build on DFID's partnership in Lesotho from uncontested elections and the GoL decision in 1999 to embark on a PRS.

3.3 No formal Country Strategy Paper (CSP) has been developed nor negotiated with partners. DFID procedures mean that with an Aid Framework of less than £10m, Lesotho does not require a Country Assistance Plan (CAP). DFID programme development has been guided by a series of internal strategy processes, most notably in 2001 when a draft Lesotho Strategy Paper – positioned within the broad ambit of the Regional Strategy – was agreed with the Director of Africa. This, which formed the basis for the Lesotho Annex within the DFID Southern Africa Strategy Paper 2002 – the only definitive strategy statement – was set to serve as the base strategy document until finalisation of the PRSP and development of a CSP.

3.4 From January 2000 DFID's operations were effectively guided by a focus on four areas: placing the project portfolio on a care and maintenance basis, looking for ways of supporting GoL with its aspirations of electoral reform, looking for ways of supporting International Monetary Fund (IMF) and World Bank programmes, and considering the future of the Lesotho programme as part of the development of DFID's regional programme for Southern Africa. Priorities for 2000/1 were clearly stated and pursued.

3.5 The May 2001 draft strategy had three main thrusts: promoting and supporting mechanisms that allow GoL to co-ordinate donor activities within the PRSP framework, refocusing DFID activities towards influencing larger sector programmes involving many players, but particularly the World Bank, and pursuing discrete interventions in support of these activities, where DFID thought it could achieve a significant impact. Issues of HIV/AIDS and trade were to be addressed primarily through DFID's regional programmes.

3.6 From the set of general objectives within DFIDSA PARP 2001 – 2004 and 2002 – 2005, the two areas of specific relevance to guiding the nature and organisation of DFID's

<sup>15</sup> Concluded in 1999 following the September 1998 civil disturbances, that it did not (presently) appear possible for DFID to agree or back a long-term development strategy for Lesotho.

work in Lesotho were: greater coherence with other donors and other parts of HMG<sup>16</sup>, and streamlined, high quality procedures and processes for programme delivery<sup>17</sup>.

3.7 Given the evolving picture with DFID strategy and in the absence of one clear single statement on DFID's objectives for the review period, the evaluation team have constructed (see *Box 1* overleaf) a 'logical' representation of strategy (Goal, Purpose, Intermediate Outcome areas) as the basis for assessment.

## Strategy assessment

3.8 Despite the absence of a formal strategy document, DFID's strategy in Lesotho is well aligned with GoL priority areas emerging from the Vision 2020 and PRS processes; create employment, combating HIV/AIDS and deepen democracy, governance, safety and security.

3.9 The Regional Strategy Paper risk analysis noted the possibility of further political instability in Lesotho. DFID support to the election process (pre and post) in 2002 was a clear and strategic response to managing this risk. The 'political fragility' at that time, coupled with the post 1998 strains between Lesotho and RSA, made DFIDSA somewhat hesitant to move from a bilateral relationship with Lesotho to a more 'regionally integrated' partnership.

3.10 Moves in 2001 to broaden DFID's approach beyond improved public service delivery to focus more on making markets work for the poor, and on increasing the voice of the poor through civil society, were appropriate and timely. Notwithstanding the above – and some efforts to engage civil society (and to a lesser extent the private sector) in PRS debates – the strategy has remained firmly rooted within a development path vision for Lesotho that assumes government as the dominant force for change and the PRS as the key vehicle for creating a favourable environment in which to tackle poverty.

3.11 The strategy is not strongly focused and, with the exception of the decision not to provide direct assistance to the education sector, tends to reflect the pattern and nature of Adviser contacts, largely unconstrained by shifts in the complement of DFIDSA advisory cadre over the review period. Despite the steady move since 2002 of the portfolio into a configuration of two programmes (PRS Foundation and Implementation Support) there remains a wide range of worthy areas in which DFID has been looking/is set to make a contribution. The pace of reform in many of these areas has been slow, as has the formulation of DFID's package of support to each area with much of the dialogue with Government having been around formulation. Whilst prioritisation in Lesotho – given the low base of the country – will always be extremely difficult our assessment is that a sharper focus of DFID effort (financial and advisory time) could have increased DFID's impact on reform over the period 2000 – 2004.

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<sup>16</sup> To be reflected in strengthened linkages with BHCs, and more purposeful engagement with other donors, especially the EU to ensure a reduction in the 'aid burden' on partners.

<sup>17</sup> To be reflected in a reduced PCM workload through development and implementation of streamlined procedures and improved design and appraisal processes.

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**Box 1: Lesotho – an interpretation of Country Strategy 2000 – 2004****Programme Goal:**

Lesotho makes progress towards achieving its national development goals (as aligned to the MDGs).

**Programme Purpose:**

To promote the democratic process, support an effective GoL led strategy for poverty reduction and support transformation at the centre of government.

***DFID looking to make a contribution to a set of intermediate development outcomes*****Outcome 1: A new electoral process established**

Uncontested election (2002); elected government in Lesotho with wide national legitimacy.

**Outcome 2: A strategy for poverty reduction**

Effective Vision 2020 / PRSP being implemented and influencing resource allocation.

**Outcome 3: Improved public service management and delivery**

Significant improvements in public service management and delivery in support of the objectives and targets contained in the PRSP.

**Outcome 4: Donor coordination**

Harmonised donor support behind an agreed and effective PRS.

**Outcome 5: Effective regional engagement**

Lesotho through active and constructive engagement in regional processes and organisations leveraging positive outcomes from SA and regional partners.

**Outcome 6: Food security**

Prevalence of hunger reduced (adopting a PRS oriented response to crisis).

**Outcome 7: Tackling HIV/AIDS**

GoL effectively addressing HIV/AIDS

**Outcome 8: Job creation**

Increased employment opportunities

3.12 The PRS is providing the over-arching framework to which all donor assistance is aligning so at that level there is harmonisation on strategy. We found no clear differences across donor strategies on the assumed drivers for reform in Lesotho, although the UNDP did initiate a debate around donor assumptions regarding drivers of reform in relation to HIV/AIDS. At the sector level the major difference has been in the area of HIV/AIDS and the debate around the appropriate nature and focus of response. This debate, whilst necessary, has not been helpful in speeding up the donor response to the epidemic that has, according to the Prime Minister of Lesotho, reached crisis proportions. The evaluators are not aware of any strategy debate within DFIDSA on different HIV/AIDS scenarios and response options. For example, whether a more immediate, greater and broader push with civil society on direct action on HIV/AIDS was required.

3.13 DFID is strongly associated with the PRS process. Recently through the European Development Agencies in Lesotho (EDAL) there has been a sharing of information on respective portfolios against the PRS. This has highlighted where and how some members of the donor community are working alongside each other. Whilst this is a necessary step towards a more harmonised approach in support of the PRS/PSIRP what is yet to emerge is a strong sense of where donors are working together towards delivering shared and/or complementary 'outputs' within the same timeframe and within the same GoL outcome area. The wider challenge of whether donor systems and procedures can adapt quickly to a new harmonised reality remains untested.

3.14 DFIDSA's strategy has been consistent with DFID's corporate agenda in terms of country led development (supporting PRS processes and the progression to DBS), shifting DFID support up-stream, and responding to the challenges of globalisation. The major weakness has been the lack of any specific objectives on advancing harmonisation and the related area of maximising development impact from the array of global funds and partnerships (GFPs).

3.15 At the programme level there has not been a particularly strong focus on results over the period 2000 – 2004. Whilst the 'wait and see policy' up until the 2002 elections may have negated much investment in programme monitoring, there has not been any rigorous programme review. There were unanswered calls<sup>18</sup> for a systematic impact assessment of the programme as part of the Regional Strategy process. In 2002 a change-forecasting tool was introduced to DFIDSA but has not been fully applied in programme management.

3.16 We found no evidence within Lesotho<sup>19</sup> of DFIDSA honouring its 2001 commitment<sup>20</sup> to further consultation with a range of partners on a strengthened understanding and analysis of poverty in the SACU region; seeking their engagement in DFID's **regional impact areas**. Whilst the potential value of working from both within the country and through regional initiatives towards a common set of development outcomes in Lesotho was well understood across the DFID team there has been no reflection within the strategy process on the balance required. Within the GoL – unencumbered by a challenging dialogue with donors – 'island state' thinking prevails.

## Relationships and influencing

3.17 There has been a general appreciation of DFID as an organisation that has been good to work with. The professionalism of its TA is well regarded. The presence of the long-term PRS adviser has been particularly appreciated and overall the combination of professional advisers and long term TA has worked well on programme implementation.

3.18 DFID has formed good relationships with a wide range of development partners in Lesotho (government, civil society and private sector). The expanded local DFID office

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<sup>18</sup> Instead some general observations were made; success of the CARE sustainable rural livelihoods (SRL) programme and the limited value of the work to date on revenue and police service reform.

<sup>19</sup> To our knowledge Lesotho has not figured (or figured strongly) in the DFIDSA initiative with civil society on the Southern Africa Regional Poverty Network.

<sup>20</sup> PARP 2001 – 2004.

(since 2002) has been a strong asset in this, demonstrating sensitive management of relationships around the PRS and the National AIDS Commission (NAC), an appreciation of the importance given to local capacity building and ownership, and exhibiting a generally cooperative attitude. Partner concerns where raised have centred on having to move to DFID's pace on programme/project formulation, and the barriers to effective dialogue with partners on approach that can emerge from the distance and/or seemingly inflexible stance taken by Advisers.

3.19 The programme has not had any explicit 'influencing objective' regarding other donor policies and programmes except to bring them behind the PRS, something which has been largely achieved. In 2001 DFIDSA noted concerns over the effectiveness of spending by WB and EU programmes in Lesotho, and DFID undertook to increase the priority it gave to engaging with these agencies. This review suggests that a cordial and cooperative relationship has been developed with some, but not all, development agencies. The relationships with DCI, GTZ and the EC are solid and now well set to enter a new more progressive stage through the useful platform of EDAL. The relationship with the World Bank has not been strongly progressed by DFIDSA, although the fact that the World Bank programme in Lesotho was managed from Washington has made this more difficult. With the UN agencies we found a mixed picture. Relationships with USAID, the RSA (as a development actor) and the Japanese are limited.

3.20 DFID has established good working relations with GoL, has been consistent on the need for GoL to be in the 'driving seat of change' and enjoys very good access to leaders in the Government. Whilst the Lesotho programme did not have a strong or clear influencing agenda with Government, it has been 'quietly influential' in specific areas based on valued and trusted inputs, successfully progressing certain issues e.g. PRS, NAC and food security. DFID is active in a number of areas central to the GoL reform agenda; e.g. public financial management, safety security and access to justice, land reform. The extent to which DFID has been able to be an effective challenging partner to GoL at a more strategic level is less evident. In May 2001 DFIDSA recognised a need across the region to look harder at national and regional data and work with partners to develop locally meaningful measures – proxies such as provision of improved services or the removal of the constraints necessary to reach the MDGs. In the absence of structured discussions with GoL around the analysis which would underpin a formal DFID programme strategy document the level of interactions and nature of the dialogue around such strategic – 'step change – questions has been limited.

3.21 The Making Commodity & Service Markets work for the Poor (ComMark) programme has provided a strong, direct and effective interface for DFID with the private sector in Lesotho. DFID has done well to engage so directly and effectively with the garment industry. While this has been a major success story, it is vulnerable to changes in Lesotho's comparative advantage as an international manufacturing base, as recent factory closures have indicated.

### **DFID/FCO relationship**

3.22 DFID has benefited from the location of its Field Management Office (FMO) within the British High Commission and there has been effective day-to-day cooperation built on

good personal and operational relationships. DFID and FCO acted in a 'joined-up' way on electoral support pre-2002 but subsequent opportunities for BHC to play a role in advancing the strategic dialogue with stakeholders on development in Lesotho have not been energetically pursued. As a consequence the potential synergy within a partnership between DFID and FCO around a HMG development agenda has not been fully realised. The uncertainties around the future of the BHC culminating in a recent decision to close have not helped in this respect and will remove operational and (potential if not actual) political support for DFID. DFID will need to find both elsewhere.

### **Internal organisation and efficiency**

3.23 The Programme Manager (PM) and all advisers (apart from PRSP Adviser) are located in Pretoria. In 2002 the local DFID office in Maseru was expanded with the appointment of a DFID administrator (Deputy Programme Manager) and its status changed to that of a FMO. Programme management responsibility remained in Pretoria. These changes have effectively addressed problems of programme administration and financial management identified in 2001. The office was further strengthened by the recruitment of the PRS Adviser and a further Programme support post. Since 2002 the FMO has been very efficient and generally effective in terms of fulfilling its duties and has been appreciated by most consultants and partners. The programme has benefited from the relationship and organisational skills of the DPM.

3.24 The systems for communication and information flow between Pretoria and Maseru offices, part of DFIDSA wider work on developing organisational effectiveness, have been clear and adhered to. The split management between Maseru and Pretoria has however led to delays particularly in the progressing from concept – design – start of new programmes (e.g. PFM). Delays exacerbated by the, sometimes artificial, grouping of new initiatives into larger programmes. This HQ – FMO structure also puts added pressure on systems for effective management of Advisers. The arrangements have worked reasonably well but not as effectively as a higher standard of team working demands.

3.25 The Lesotho programme has had a good range of Pretoria-based advisers to draw on, although the small size of the programme has inevitably resulted in limited inputs. There is increasing pressure (plus staff cuts in Pretoria) to reduce this further. Parts of the programme (e.g. the land reform element of food security) have been held back by some discontinuity over priorities associated with the turnover of Advisers in Pretoria. DFID has devoted much time and attention to the design of two integrated programmes that will support the implementation of the PRS. The DFIDSA Southern Africa Strategy Paper commits a rising technical co-operation framework to Lesotho of about £5m per year. The figures in *table 1* (see section 2) represent a significant under-spend compared to the framework allocation.

3.26 Regional programmes have been a source of frustration for the FMO. They and local partners are not always fully informed/involved. In some cases there has been a lack of clarity on the link between the regional programme and the Lesotho programme and enhancing the operational links between such regional programmes and national objectives/priorities has proved time consuming and produced (to date) a limited return except where a strong in-country presence (e.g. ComMark).

3.27 Overall the programme has been delivered reasonably efficiently. Some momentum to programme development and delivery in Lesotho has been lost as the result of protracted and continually evolving regional strategy and programming process. In 2001 DFIDSA embarked on a programme of change management to tackle areas identified as holding back the performance of the office. Whilst this may have eaten into the Advisory time available for Lesotho it has been credited with bringing some improvement into team working. Integration and learning across the Lesotho programme has been weak.

### **Portfolio of activities**

3.28 The current programme portfolio has evolved from a history of solid (and often successful) project experience – part of which was given a ‘sunset’ status as part of managing the transition to the new programme configuration (which eventually went live towards the end of 2004). In DFIDSA PARP 2002 – 2005 a commitment was made to four new initiatives in Lesotho; PRSP, Public Sector Reform (PSR), Safety, Security and Access to Justice (SSAJ), Revenue Authority. A timeline showing the major DFID interventions (projects) in each outcome area is contained in Annex G. A summary of DFID expenditure is given in Annex H.

### **Portfolio assessment**

3.29 Overall, DFID’s interventions have constituted an adequate portfolio in terms of the set of ‘programme outputs’ that it was aiming to deliver over the review period. The portfolio is generally well designed and well positioned in terms of support to change in the respective outcome areas and it is a portfolio that demonstrates an appropriate spread of support for government, the private sector and civil society.

3.30 HIV/AIDS is one area where there is a question mark over the appropriateness of the entire DFID response given the scale of the problem and the priority given to this. DFID’s work in HIV/AIDS in Lesotho (2000 – 2004) has covered a range of regional and bilateral interventions, working with a range of stakeholders and partners in different sectors (except in sectors/ministries central to the response to HIV/AIDS e.g. Health & Social Welfare and Education) and addressing various aspects of HIV/AIDS prevention, risk mitigation and care. Our assessment is that this has been too unfocused and DFID’s resources – including technical expertise – have been spread too thinly to have achieved any real and sustainable impact. Moreover, DFID could have been more influential than it has been in facilitating the establishment of a business coalition against HIV/AIDS in Lesotho. The DFID support, once the Global Fund for AIDS, TB and Malaria (GFATM) had been initiated, to supporting through the NAC the establishment of the necessary institutional structures for dispersal was locally appropriate. How effective such structures will be in tackling HIV/AIDS given wider institutional weaknesses in the health sector remains a concern.

3.31 The programme has had a consistent and sufficient poverty focus headlined by the strong support to the PRS process and the complementarities between work in key policy impact areas such as job creation, land reform, revenue collection and reform on public financial management. Gender is adequately mainstreamed across the programme. Environment has not figured strongly.

3.32 Major efforts were launched in 2004 to ensure that HIV/AIDS was adequately covered in the PRS and Vision 2020. This built on consultancy support provided by DFID. Combating HIV/AIDS is now stated as the overriding priority of the GoL (prior to this neither the PRS nor national vision processes had fully taken account of HIV/AIDS). The Livelihoods Recovery Through Agriculture Programme (LRAP) is an example of a project that has successfully mainstreamed HIV/AIDS, forging essential linkages between crop production and nutrition for those vulnerable due to chronic illness.

3.33 The evaluators consider that DFID has through rationalisation and development of the Lesotho portfolio, broadly carried through on its commitment in 2001 to shape its activities to the development and rolling out of the PRS as Lesotho's overarching framework for development assistance. However, as discussed later, the PRS – despite the honing of 156 community 'wish lists' to nine priorities – is very wide and permissive, which means that alignment with it is not particularly demanding.

### **Budget support**

3.34 Direct budget support (DBS) was and remains DFID's 'instrument of choice'. DFID seriously considered providing DBS but concluded that the fiduciary risk was too high given weaknesses in public expenditure management. Our review supports this decision, as does the experience of other donors. A DCI study (2004) of financial capacity concluded that financial management systems are improving but still in a state of flux, so sectoral or general BS not prudent at this time. In 2002 the EU introduced a budget support instrument which was discontinued in 2004 because of concerns about the inadequate statistical base for verifying performance indicators in health and education.

3.35 A subsequent move on DBS by DFID (and others) should depend on real progress on PFM and accounts, the development of a Medium-Term Expenditure Framework (MTEF) - now underway with WB support - and be linked to structural reforms to the over-large civil service. We are doubtful whether this package of reform will be seen by the end of the PRS Foundation Programme given the nature and scale of the weaknesses in both staff and systems within PFM – particularly at middle management level – and the general capacity gap that Lesotho will continue to have to grapple with. The Minister of Finance in his 2005 budget speech has committed to measured progress towards DBS.

## 4. PROGRAMME EFFECTIVENESS

*What has the programme achieved and contributed?*

4.1 Working within the limitations of the evaluation this section assesses the achievements and contribution of the CP at three levels: results (programme output level), intermediate outcomes and CP goal and purpose.

### Results

4.2 This sub-section looks at the results achieved by DFID interventions at the Programme 'output level' 2000 – 2004 using a six point scale for the extent to which an output was achieved (fully, largely, partial, very limited, no progress, too early to say). We have identified 18 'outputs' based on a consolidation of project purpose statements set within the 'outcome' framework. *Table 2* (overleaf) shows that overall achievement at this level over the review period has been fair. This is reflective of our assessment that whilst at the Programme 'activity' level DFID supported interventions (projects/initiatives) are generally performing well – a view reinforced by project scoring (see Annex I) with a high proportion of the projects<sup>21</sup> indicating 'on track' to deliver on objectives - the delivery against a set of ambitious programme 'outputs' is generally steady but slow.

### Effectiveness of different aid instruments

4.3 The most commonly used aid instrument has been traditional technical assistance positioned as either long term and/or short term consultancy support. There are many examples of where this has been successful whilst recognising the dilemma for all concerned with such projects/programmes of sensitively managing the 'tightrope' of delivering and building capacity. The International Election Commission (IEC) project is an example of a good process approach to capacity building guided by experienced UK TA exhibiting sensitivity to the pace of change and ownership ('the right person at the right time operating in the right way'). The portfolio also has examples of pilot projects that in breaking new ground have influenced and led to the shaping of more comprehensive support to reforms in challenging areas.

### Sustainability of results

4.4 The results achieved are considered sustainable given the high level support that exists for the areas in which DFID is working.

<sup>21</sup> PRISM records project scores where annual commitment is >£1m.

**Table 2: Achievement against Programme outputs**

<b>Outputs relating to each (sub) programme of the Country Programme 2000 – 2004:</b> to be delivered by/before end 2004 unless otherwise indicated.	<b>Extent to which Output achieved</b>
<b>Electoral process</b> IEC institutional capacity strengthened to deliver fair, free, transparent and accessible elections in a cost-effective and sustainable manner.	Largely
<b>A strategy for poverty reduction</b> Credible PRSP (approved by Cabinet) which will be supported by government, private sector, civil society and development partners.	Largely
Strengthened capacity and coordinated engagement of key stakeholders (including civil society) around PRS finalization and implementation planning.	Partial
<b>Public sector management and delivery</b> Lesotho Revenue Authority delivering on sustainable, equitable and improved tax management.	Largely
(by 2007) Pro poor policies developed and implemented by Lesotho Justice Sector.	Too early to say
Strengthened GoL capacity to provide an effective, efficient and accountable policing service that is responsive to the needs of the community.	Partial
Improved institutional & policy arrangements for sustainable and efficient management, financing and delivery of public/private agricultural services.	Largely
<b>Donor coordination</b> GoL more efficiently coordinating donor activities around the PRS and PSIRP ( <i>no specific DFID projects</i> ).	Partial
<b>Regional engagement</b> (by 2006) Capacity enhanced in appropriate Lesotho institutions to formulate, negotiate and implement trade policies which are inclusive and pro-poor.	Partial
<b>Food security</b> A viable, replicable resource management support process enabling rural households to pursue agreed community priorities tested and established.	Largely
Improved homestead agricultural production of vulnerable households in four Southern districts affected by food insecurity.	Largely
<b>HIV/AIDS</b> Improvement in the sexual health of (50,000) Basotho youth by decreasing HIV/STD prevalence and teenage pregnancy.	Unknown
Scaling up on a sustainable basis of the private sector response to HIV/AIDS in Lesotho.	Partial
(2005) Strengthened enabling environment (in BLNS) for women, men and young people most vulnerable to HIV infection ( <i>across BLNS</i> ).	Partial
(2007) Effective multi-media edutainment capacity established in respect of HIV/AIDS, health and lifestyle ( <i>across 8 Southern African countries</i> ).	Too early to say
<b>Job creation</b> Extension in the range of business support (and social integration) services delivered to returning mineworkers and their families in Lesotho.	Partial
(2008) Increased investment in and international competitiveness of the Lesotho garment industry (for sustainable benefit of the poor, particularly women).	Too early to say
(2006) Sustainable expansion in the provision of financial services to SMMEs, the poor and vulnerable especially women ( <i>across Southern Africa</i> ).	Unknown

## Outcomes

4.5 Our assessment of achievements against Outcomes 1-8 are summarised in *table 3* below (see Annex J for the full Programme Results Framework). Two assessments have been made; impact in Lesotho over the period 2000 – 2004 and DFID’s contribution to that impact. Both assessments use a simple four-point scale (high, medium, low and nil).

**Table 3: Assessment of achievement (impact) and DFID contribution by Programme outcome**

		<b>Achievement (Impact)</b>	<b>DFID contribution</b>
<b>Outcome 1</b>	<b>Electoral process:</b> A new legitimate electoral process established through local efforts (with external support).	High	High
<b>Outcome 2</b>	<b>Poverty reduction strategy:</b> Effective vision 2020/PRSP implemented and influences resource allocation.	Too early to judge	High
<b>Outcome 3</b>	<b>Public sector management &amp; delivery:</b> Significant improvement in public sector management and delivery in support of PRSP objectives and targets.	Low	High
<b>Outcome 4</b>	<b>Donor coordination:</b> Effective coordination of transparent donor support around PRSP.	Medium	High
<b>Outcome 5</b>	<b>Regional engagement:</b> Lesotho actively and constructively engaged in regional processes and organisations (leveraging positive outcomes)	Low	Medium
<b>Outcome 6</b>	<b>Food security:</b> A PRS oriented response to crisis.	High	High
<b>Outcome 7</b>	<b>HIV/AIDS:</b> GoL effectively addressing HIV/AIDS.	Low	Medium
<b>Outcome 8</b>	<b>Job creation:</b> Improvement in employment generation	High	Medium

4.6 Overall we find a mixed picture of progress and DFID’s contribution to this when looking across the eight Outcome areas.

**4.7 Electoral process:** The new electoral process has been a real success. Successful elections were held in 2002. Lesotho now has a representative and inclusive parliament with a significant opposition. Political stability has been greatly enhanced.

**4.8 Poverty reduction strategy:** Publication of the PRS has been seriously delayed. It is too early to say whether the PRS will be implemented and will influence resource allocation. That said, the potential that the PRS process represents is there; sensitive and appropriate DFID support has been a key factor in allowing Lesotho to reach this point. A major and important challenge remains in order to realise a ‘development return’ on stakeholder investment (2000 – 2004) in the PRS, as illustrated by a summary of perceptions gathered on the PRS process by the evaluation team (see *Box 2*).

## Box 2. The PRS: a driver of change? A summary of perspectives

### **On the plus side, the PRS:**

- o has been prepared with the support of a basket fund from DFID, UNDP, UNICEF and DCI. DFID TA has been key rewarding careful recruitment.
- o was very (perhaps almost too) participatory. One of the most successful PRSP participatory processes. Wide participation by civil society (200 villages).
- o considerable buy in at the top of government to the product (PRSP) and the next challenge steps including joined up government in Lesotho. Puts GoL at the helm of the development effort. MTEF will provide link between PRS and annual budget. Ministerial allocations for 05/06 'follow the priorities established by the PRS... these are virtually the same as the MDG's' (Budget Speech).
- o may prove useful in securing a re-engagement of donors (a rallying call to counter donor drift) and providing some order and direction to government and donor efforts around key, agreed priorities.
- o has been instrumental in unblocking and giving a new energy to other key processes; MTEF, PSIRP, national response to HIV/AIDS and poverty monitoring.
- o demands a new way of 'doing business' (e.g. partnership, citizen voice, accountability) in delivering a development agenda.

### **On the negative side, the PRS:**

- o has taken a very long time to produce. GoL decided to adopt PRSP process as part of PRGF requirements in 1999. Technical Working Group set up in 2000. It has taken over 4 years since then to produce and publish the PRS. It has already been overtaken by events.
- o has diverted time and resources from other important tasks (PSIRP, delivery, MTEF, etc.).
- o questionable whether it is a useful document in terms of providing a basis against which the Basotho can hold GoL to account.
- o remains an over-long and largely un-prioritised wish list. Unaffordable as a whole. It does not face up the trade-offs that government and society has to make. It is very permissive (so almost anything fits within it) and very wide (with the result that resources could end up being spread thinly across it). Provides confirmation of issues already identified.
- o not clear that it has, or will, significantly alter government or donor resource allocation. It is not yet linked to programmes or ministerial budgets. Not clear how, in reality, 2004/5 or 2005/6 reflects PRS. PRS is horizontal, Ministries are vertical.
- o too rural/mountains focused and inward looking – too silent and not sufficiently pragmatic on inter-dependence with RSA.
- o Is necessary but not sufficient. Historically Lesotho is very good at planning less good at implementation. What reason to think that the PRS will be any different, especially without a strong organised civil society to hold GoL to account?.

**4.9 Public sector management and delivery:** Slow birth (late 1990s), fragmented delivery and slow progress on GoL's PSIRP. No effective coordinated donor response to, and mixed progress across, the three main programme areas; public expenditure management (positive developments), improving public service management through human resources (little action and no significant gains), decentralisation for service delivery (some movement but uncertainties with local government). Recognition that imbalance threatens gains in any one area. Chronic weaknesses remain in systems, skills and organisational culture for performance management. The strong commitment for reform and some positive actions at senior levels in government has been tempered by the slow pace of change within middle management. DFID a key contributor to areas of progress; a turn around in the tax revenue position, progress on completion of national accounts, a promising new atmosphere for reform of justice sector and a new vista for police/community relations, and a significant shift in agricultural policy and strategy away from traditional thinking.

**4.10 Donor coordination:** There is no explicit harmonisation agenda to work to and little progress to report. Progress on donor coordination has been good but partial, although this has been neither government nor UN led. The GoL is still not coordinating donors effectively. Limited activities such as the UN Expanded Theme Group on HIV/AIDS serve primarily an information sharing purpose. Whilst there has been a real willingness and some good progress on coordination among EDAL donors there is still a tendency to do things separately and differently. For example, GTZ is planning a country evaluation in 2006, so all four EDAL members will have done a separate country programme evaluation in the space of two years. The positive view on coordination among EDAL in Maseru – and the platform this has created – has not been matched by a similar commitment/effort towards harmonisation in regional/head offices. There is little evidence of EDAL prioritising within the PRS (as opposed to just spreading out through it and avoiding overlap) or presenting a joint front to government. There is little evidence of PRS changing donor resource allocation (the PRS is a very accommodating framework). There is concern over how the Millennium Challenge Account (MCA) fits into the PRS. The DFID FMO has played a very positive role on donor coordination (a) first trying to get UN to take on coordinating role, (b) helping to set up EDAL and (c) mapping EDAL assistance against PRS as first step. Overall, whilst EDAL and the alignment around the PRS provide a positive trajectory for harmonisation, progress over the review period has been relatively limited.

**4.11 Regional engagement:** Some success reported in achieving a positive Lesotho position within the 2003 re-negotiation of the SACU agreement (pool Mechanism Formulae) which takes cognisance of Lesotho's specific circumstances. Growth in Lesotho's garment industry is giving "supply side" confidence and an informed negotiating position to GoL in talks on trade preferences. However the GoL is yet to fully engage with the private sector and use this channel to strengthen Lesotho's engagement with regional processes. Frustration remains with SADC structures.

**4.12 Food security:** A gradual shift is underway in elevating the response to food security across SADC generally (and in Lesotho) away from short-term, non-sustainable and disempowering solutions to a more strategic level response addressing the causes/drivers of vulnerability. Within Lesotho there is much better recognition that food security is a multi-sectoral issue which is emerging as a by-product of poverty and the inability to deal

with a range of livelihood shocks.<sup>1</sup> This understanding is now being factored into a food security policy for Lesotho the development of which has DFID support. DFID, through its regional work on food security and its work in the Agricultural Policy and Capacity Building Project (APCBP), LRAP and the Lesotho Vulnerability Assessment Committee (LVAC) - the latter in the neglected yet critical area of vulnerability assessment and its linkage with the PRS poverty monitoring process - has made a very significant contribution to this area. It has been widely influential and both other development partners (even 'unlikely' partners such as the World Food Programme (WFP)) and GoL have adopted DFID's analysis of the situation and its thinking about responses.

**4.13 HIV/AIDS:** Lesotho is still lacking a well coordinated, robustly monitored, integrated and multi-sectoral response to the HIV/AIDS epidemic despite a number of policy and delivery initiatives, a National AIDS Strategic Plan (2000 – 2004) and an array of institutional arrangements (see Annex K for a chronology of HIV/AIDS responses in Lesotho). This reflects a wider concern across the SADC region - the epicentre of the HIV/AIDS pandemic in SSA – where efforts at national and regional levels<sup>23</sup> have not matched the scale of response required to fight the pandemic<sup>24</sup>. A reproductive health survey in 2002<sup>25</sup> indicated low levels of condom use, overly optimistic perceptions of risk/vulnerability and low understanding of prevention methods. Voluntary Counselling and Testing (VCT) services are limited and uptake of these services has been low. There is weak service delivery and management capacity of the national health system to respond to the epidemic and what is generally seen as an inadequate strategic coordination of the response to HIV/AIDS at a national level (as indicated by an imbalance between resources focused on preventative measures versus those on treatment and care). In 2003 GoL secured USD 35m over a three-year period from the GFATM of which USD 29.3m is earmarked for HIV/AIDS. Whilst intended to be additional finance to existing donor support, the magnitude of the allocation has (allegedly) resulted in donors withdrawing funding from this area.

**4.14 Job creation:** GoL has successfully ridden the wave of the expansion of the garment industry and is (somewhat belatedly) engaged in processes to support adjustment of the industry in Lesotho to the new environment. There has been limited progress on enabling policy and legislation for business – drafting of the new White Paper on enterprise has taken over two years – and limited success with diversification. Dialogue between GoL and the private sector remains weak. GoL policy remains unclear on how it will bring the private sector centre stage to drive job creation. Lesotho retains a competitive position for labour intensive industries in Southern Africa given its relatively low labour and business security costs. DFID support – particularly through ComMark – has been significant. It has access to all key stakeholders, and is valued for its 'grounded', responsive and pro-active approach to facilitating engagement from other donors to the GoL agenda.

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<sup>22</sup> EC Lesotho Programme Evaluation: 49-51.

<sup>23</sup> The July Maseru Declaration on HIV/AIDS commits heads of state government to combating HIV/AIDS as a key objective and top priority for SADC.

<sup>24</sup> DFID Internal discussion document (2004) – Revisiting DFIDSA's strategy of engagement with SADC.

<sup>25</sup> Conducted by the Ministry of Health and Social Welfare.

## **Progress towards CP Goal and Purpose**

4.15 The 'super goal' of the CP is to support Lesotho's progress towards its national development goals (as aligned to the MDGs). Commentary on 'on track/off track' status is given in the following section (section 5). The CP 'purpose' covers three areas: strengthening and consolidating the electoral process as a means to support political stability, strengthening Lesotho's strategy for poverty reduction and supporting public service transformation in selected key government functions (e.g. tax revenue collection).

4.16 The uncontested elections of 2002 and the political stability that Lesotho has enjoyed over the review period are very positive developments. Significant delays in the approval and publication of the PRS, the high level of dependency on DFID's process support and – perhaps most critically – delays in addressing monitoring systems that will be needed to keep the PRS process live suggest an achievement against CP purpose of 'limited strengthening'. This highlights the importance of the steps ahead to make the PRS a dynamic and challenging process. On transformation in the public sector DFID has delivered strongly in the area of tax reform and is poised to make significant contributions in the wider area of PFM and justice sector reform.



## 5. DEVELOPMENT PROGRESS

*What overall development progress has been made in Lesotho and what contribution has development assistance made to this?*

5.1 CPEs also need to report on a third and higher level of performance: the country's overall development progress. This is the collective goal towards which the development community, of which DFID is an active member, is working.

### Development progress

5.2 The lack and poor quality of data impede the review of development progress in Lesotho. To date there has been no Lesotho-owned assessment of progress ('on track/off track') towards MDGs and Lesotho's MDG report for 2002 is yet to be published. The Lesotho Vulnerability Assessment Committee (LVAC), which has been supported by DFID, has contributed significantly to the establishment of a body of knowledge around livelihood and vulnerability trends in Lesotho. However, the LVAC has not been institutionalised within GoL and efforts to establish a Poverty Monitoring Unit (PMU), which will be instrumental in monitoring the implementation and impact of the PRS, have been slow and disorganised. The PRS used un-cleaned 1994/5 data as a baseline (to be substituted by 2002/3<sup>26</sup> data when this becomes available) and a linear projection through to MDG 2015 targets (and 2020 national Vision targets). Whilst, given the paucity of data, it is not possible to draw any firm conclusions on current development trends in Lesotho the general sense is that the achievement of development goals in Lesotho is lagging behind. Annex L contains the latest figures on progress towards the MDGs.

5.3 In order to reach the MDG of halving the incidence of poverty by 2015, Lesotho's economy has to grow by an estimated 7.5% per annum. Real GDP growth rates of 3–4% per annum are currently being maintained. Large earned income disparities exist between men and women, with men earning on average approximately three times more than women. The divide between urban and rural areas is reportedly increasing with extreme poverty concentrated in the rural areas not only as a proportion of the population but also in absolute numbers, with female headed households having the highest incidence of poverty.

5.4 The growth of the garment industry has largely been the result of the extension of trade preferences to Lesotho under AGOA and concomitant FDI from East Asia (net FDI<sup>27</sup> inflows increased from 2.8% of GDP in 1990 to 11.3% in 2002). An estimated 54,000 jobs have been created in the garment industry. This industry has become the largest formal employer in Lesotho, followed by the public sector with approximately 35,000 employees. The impact of the growth of the garment industry – and the positive injection of new employment opportunities – in terms of a reversal in the 1990s trend<sup>28</sup> of declining 'wage

<sup>26</sup> Ref. to 2002 (CWIQ) Core Welfare Indicators Questionnaire, 2002 Reproductive Health Survey and 2001 Demographic Survey

<sup>27</sup> Lesotho's 'Fitch rating' which signals investor confidence has steadily improved over the review period. This assessment is based largely on macro-economic stability and fiscal discipline which have resulted in low budget deficit, low inflation and stable currency (although cushioned by the Rand).

<sup>28</sup> The number of 'wage earners' declined by 59% in 1990, to 49% in 1999 (quoted in PRSP)

earners' is not known. However, because of Lesotho's inextricable relationship with South Africa and that of its currency with the Rand, the vulnerability of Lesotho's relatively undiversified economy and its workers was illustrated recently with the closing of an estimated five garment factories in one month, and a concomitant loss of an estimated 6,000 jobs. These closures have been ascribed mainly to the strengthening of the Rand against other major currencies, but especially against the US\$ because the bulk of Lesotho's garment exports are destined for the USA<sup>29</sup>.

5.5 Continual progress is being made in improving access to education and in the provision of clean water (particularly in rural areas). Public Expenditure on Education increased from 12% of total government expenditure in 1990 to 18.4% in 1999 – 2001; and the net primary enrolment ratio increased from 73% in 1990/1 to 84% in 2001/2 (of which 88% are female). Improvements in infrastructure including the expansion of the road network into mountainous areas coupled with an increase in Public Health expenditure from 2.6% of GDP in 1990 to 4.3% in 2001 are seen as having had a positive impact on maternal and child mortality ratios. The negative impact of HIV/AIDS has however led to recent increases especially in infant mortality and the quality of health service provision remains a major concern.

5.6 Despite some of the gains already mentioned Lesotho has experienced in recent years an overall relative decline in human development when set against UNDP's Human Development Index (HDI)<sup>30</sup>; slipping from a ranking of 120 out of 162 countries in 1999 to 137 out of 175 in 2001. This negative or at best stagnating trend was set to continue as the impact of HIV/AIDS intensifies. As DCI have commented in their recent country evaluation 'whilst there have been successes in improving human development indicators (in Lesotho) HIV/AIDS has the potential to drastically undermine most gains'.

## **Aid effectiveness**

5.7 The level of assistance to the poor of Lesotho is relatively low when compared with Bolivia (another small, poor, mountainous and landlocked LDC). Bilateral and multilateral donors provide the annual equivalent of \$120 for each of the 950,000 people living on less than \$1/day in Lesotho versus a figure of \$570 for the 1.2 million living on less than \$1/day in Bolivia<sup>31</sup>.

5.8 Prior to 1990 much development assistance was associated with a style of government service delivery that was paternalistic and very much supply led. Major development initiatives such as the Lesotho Highlands Development Scheme did bring some benefits to remote areas but many of these have proved difficult to sustain and haven't stimulated further value-added development. In recent years oda has been instrumental in fostering a shift in government thinking to a more holistic and integrated view on development with service provision to be strengthened through a more demand led approach.

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<sup>29</sup> Lesotho's main export partners are the USA (97.6%); Canada (1.5%) and France (0.5%).

<sup>30</sup> Human Development Index (HDI): a composite indicator of relative welfare based on life expectancy, educational attainment and per capita income.

<sup>31</sup> DFID Country Study Bolivia 200-2004, Evaluation Report EV 656, Jan 2005

5.9 What have been the key factors in development progress in Lesotho? Aid has undoubtedly had a positive effect in a number of areas: policy reform, technical innovation and development, community led approaches and – in a more limited sense - building capacity and a dynamic for reform in government. The unpublished MDG report (p. 24) highlights how ‘Private capital has become a significant factor in financing the country’s development process in the wake of reduced miner remittances and a significant drop in oda during the 1990s.

5.10 Some observers see Lesotho, despite a slow start, poised to make more rapid strides towards its development goals given a high injection of transformation, leadership and cultural change in the workplace. The alternative view is more pessimistic. Lesotho has an over-large and not particularly effective government; a record of slow reform and slow delivery; a declining SACU revenue stream; a vulnerable garment industry; a largely unchecked HIV/AIDS pandemic; and an ambivalent relationship towards foreign investment and towards its (potentially) most important development partner (RSA). While government and donors are addressing all these (with the exception of the last) there is little sign of a step-change in approach, commitment or effectiveness that offers a realistic prospect of achieving the MDGs in Lesotho.



## 6. CONCLUSIONS AND LESSONS

6.1 This evaluation has used two main criteria to judge the performance of the Lesotho programme over the period 2000 – 2004: programme quality (strategy, relationships, organisation, and portfolio) and programme effectiveness (results and contribution to outcomes). Judged against both, the overall conclusion is that this has been a good small country programme.

6.2 The main strengths of the programme as identified in the previous sections are as follows:

- i. The programme has been well aligned with the national priority areas emerging from Vision 2020 and the Poverty Reduction Strategy (PRS), and with the earlier priority of securing and strengthening democracy in a fragile political context.
- ii. DFID has built and managed good working relationships with all the important stakeholders: government, civil society, private sector and other donors. It has been 'quietly influential' in a number of important areas.
- iii. DFID is active in key policy areas. Its interventions have generally been relevant and effective. Its contribution to the PRS, and to the private sector through ComMark, have been particularly valuable.
- iv. The programme has been delivered reasonably efficiently. The Field Management Office in Maseru has made a very positive contribution.

These have resulted in DFID being a valued and respected development partner in Lesotho

6.3 The evaluation has nevertheless identified a number of areas where performance could have been improved:

- i. The response to the HIV/AIDS crisis has been insufficient and unfocused. Resources have been spread too thinly – and too remotely through regional programmes – to have real and sustained impact. Greater urgency and priority should have been accorded to this crisis.
- ii. Strategy and programme has been insufficiently focused. It remains spread over too many areas and has tended to reflect the pattern and priorities of individual advisers. The progressive reduction in the number of Pretoria-based advisers will make it more difficult to maintain adequate relationships and levels of advisory support in Lesotho.
- iii. While DFID has maintained good relationships with a wide range of development partners, and respected the leadership of the Government, it has lacked a strategic approach to influence informed by an analysis of the drivers of change in Lesotho. DFID has not, as intended, refocused its activities on influencing larger players (notably the World Bank); helped Lesotho to make the most of the array of global funds and partnerships on offer; achieved greater coherence with other parts of HMG (notably the BHC); nor been a sufficiently strategic and challenging partner to GoL.

- iv. DFID has contributed to improving donor coordination and harmonisation (although progress on the latter has been limited). It has not, however, followed through effectively on its aims to promote and support government coordination of donor activities; accorded sufficient priority to major non-European partners (such as World Bank, USAID, Japan, or RSA); nor had a clear strategy for advancing donor harmonisation.
- v. DFID's strategic analysis (e.g. on the importance of HIV/AIDS, the regional dimension, and a programmatic focus) was often correct. But, as so often, DFID was less successful in managing the change in resources and staffing to match the analysis. The fact that Lesotho is so small, and therefore not a high priority for DFID, may also have contributed.

6.4 These criticisms aside, the overall assessment of the evaluators is on balance very positive. Except in the areas mentioned above, it is difficult to see how the quality and immediate effectiveness of the programme could have been significantly improved given the level of resources deployed in Lesotho. Judged at one level, the programme has been largely relevant, effective and efficient<sup>32</sup>.

6.5 The evaluation does, however, raise two wider and larger questions about the nature and appropriateness of DFID engagement with Lesotho. While these are particularly pertinent for the future, they do represent a challenge to how DFID – and, by implication, other donors – have worked in Lesotho. The implicit assumption has been that a small low-income country like Lesotho requires a small version of the aid programme provided to other small low-income countries in SSA: the development of a PRS; technical assistance for stronger and more effective central government; transition to general budget support; and individual donor offices. This assumption can be challenged by asking two questions:

- i. Has the approach to **aid management** been appropriate given the small size of the programme and the small population of Lesotho?
- ii. Has the DFID programme focused on the right **strategic priority** given Lesotho's special and changed context?

**Has DFID's approach to aid management been appropriate given the small size of the programme and the small population of Lesotho?**

6.6 Unlike most other donors in Lesotho, DFID has combined a regional office in Pretoria with a country office in Maseru. This represents an attempt to balance the benefits of an in-country office with the costs of providing professional resources across a wide range of areas. The solution was to base programme management and most of the advisers in Pretoria and a small Field Management Office (plus a single PRSP adviser) in Maseru. This was more effective than trying to manage the programme entirely from Pretoria, and more affordable than basing a full complement of professionals in Maseru.

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<sup>32</sup> Annex M provides – for illustration - a broader view on DFID's organisational performance as a development partner in Lesotho (2000 – 2004) using a balanced scorecard framework and drawing on the assessments of the evaluation for particular performance areas; delivery of results, building key relationships, internal business processes and learning and growth activities.

6.7 The dilemma for DFID (and other donors) is that the effective management of a bilateral programme has significant **fixed costs**. Supporting projects/initiatives, building and maintaining relationships with partners, and engaging with and influencing policy all require an input from in-country professional staff. The cost of doing this is almost the same whether the country has a population of 2 million or 20 million. There will, for example, be one Ministry of Finance in both. Acting individually, all donors in small countries will therefore end up with an insufficient professional and high-level in-country presence. Small programmes only justify small offices, but even these may be larger than justified by the number of poor people likely to benefit.

6.8 DFID's experience in Lesotho (and other countries) also demonstrates the shortcomings of operating without strong joined-up support from the BHC in Maseru and Pretoria. The policy issues that DFID is, or should be, engaged with require joint action at the political as well as development level. This has not been forthcoming for much of the period, and the DFID programme may, as result, have been less effective and influential than it might have been.

6.9 Better partnership is the key to solving both these problems: partnership with other donors in sharing offices and advisers, and partnership with the FCO or another European delegation at the political level. The forthcoming closure of the BHC means that the potential of a full DFID–FCO partnership will not be realised in Maseru, but it also opens up a real opportunity for partnership with another donor or donors. The DFID programme will need new offices and will have even fewer Maseru and Pretoria-based advisers to draw upon. This, and the very positive climate for cooperation among European donors, makes 2005 the ideal time for DFID to advance the harmonisation agenda in Lesotho.

### **Has the DFID programme focused on the right strategic priority given the special context?**

6.10 As in the case of aid management, DFID has sought to pursue both a regional and a bilateral approach to Lesotho's development challenge. However, there is real question over whether DFID (and the other remaining donors) have responded appropriately to Lesotho special and changed context. Lesotho's special context as the only low-income country in Africa completely surrounded by a middle-income country (RSA) has already been mentioned. While this makes Lesotho uniquely vulnerable, it also means that it is uniquely advantaged in economic terms. The context has also changed very significantly over the past decade with democratic elections in RSA, the completion of the first phase of the Highland Water Development Scheme (HWDS), the increasing threat of HIV/AIDS, and the growth (and now vulnerability) of the garment industry.

6.11 It can be argued that donors (including DFID) have not responded sufficiently or appropriately to Lesotho's changed and special context. Support for Lesotho as an economic and political 'island' was entirely justified prior to the democratic elections and constitutional settlement in RSA in the 1990s. However, with the changing political and economic landscape in RSA, Lesotho can no longer be regarded as an island surrounded by a hostile and unconstructive neighbour. Nor is it just another small sub-Saharan country which requires the standard development approach. The major development challenge for Lesotho is how it makes the most of its favourable location in relation to the South

African economy. This is a more of a **regional** development challenge – similar to that of the poorer regions of Europe – than a conventional development challenge, and therefore suggests a different sort of approach. What is required is an **externally** rather than **internally** orientated development programme and engagement, one that seeks to support and maximise Lesotho's favourable economic integration with South Africa. It is this, coupled with action on international trade and support for the private sector, which offers the best chance of reducing poverty and achieving the MDGs in Lesotho. This needs to be the focus of future HMG (DFID, FCO and others) engagement with Lesotho, more than the traditional 'inward looking' focus on technical assistance and DBS in support of the PRS.

6.12 The political and economic obstacles to a more proactive and constructive developmental relationship between Lesotho and South Africa nevertheless need to be recognized. RSA is not universally perceived to be a benign and benevolent neighbour, nor has its promise to lift Lesotho out of LDC status within five years yet been matched by significant new resources or initiatives. Real progress on advancing Lesotho's development through economic co-operation and integration will require a change in attitude and approach on both sides of the border.

### Lessons for the DFID programme in Lesotho

6.13 Three conclusions follow from this analysis:

- i. There is a real opportunity and necessity for DFID to advance the harmonisation agenda by entering into **partnership** with one or more European donors. The closure of the BHC, and the positive climate for aid coordination, makes this an ideal opportunity. This will require action, and willingness to compromise on policies and procedures, at head office level in Europe.
- ii. The key development challenge for DFID is to support and promote Lesotho's **regional economic integration**. This needs to become the priority issue for engagement by development partners.
- iii. The **Republic of South Africa** is a key development partner with respect to Lesotho for DFID and the FCO. This will require joint action in both Maseru and Pretoria, and a special focus on enhancing the role of RSA in the development of Lesotho.

### Lessons for DFID more generally

- i. **Trade issues** need to be a central part of DFID's bilateral and regional programmes. The success (albeit fragile) of AGOA and the garment industry in Lesotho demonstrates the importance of trade for poverty reduction. The garment industry generates USD 75 million per year in wages for poor women, which has a major impact on income poverty.
- ii. **DFID's partnership with the FCO needs to be more consistent**. While relationships are generally positive, as they were in Lesotho, the effectiveness of this partnership in advancing a shared development agenda, within the particular context of small developing countries, remains too dependent on individuals and circumstances.

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## ANNEX A

### EVALUATION OF DFID COUNTRY PROGRAMME

#### LESOTHO

#### TERMS OF REFERENCE (TORS) FOR CONSULTANCY ASSISTANCE

##### 1. Introduction

- 1.1. DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Following an NAO recommendation and a series of pilot studies, DFID is embarking on regular country programme evaluations (CPEs).
- 1.2. This study is a CPE of DFID's work in **Lesotho** over the period 2000-2004. The study will be carried out by a team of 2 consultants and 2 staff from EvD and the work will take place between January and April 2005.
- 1.3. With an Aid Framework of less than £10m Lesotho does not have a Country Assistance Plan. DFID has been supporting the development, over the past 3 years, of Lesotho's Poverty Reduction Strategy which, with the Public Sector Improvement and Reform Programme, forms the overarching frameworks for planned support. The period 2000-2004 has been a period of transformation, coinciding with full devolution of programme management and implementation from DFID-SA Pretoria to the Maseru Field Office in mid-2003.
- 1.4. Apart from the usual aims of a CPE, part of the aim of this project is to give new staff in EVD some direct experience of carrying out evaluations.
- 1.5. The detailed requirements for the consultancy work are set out in the rest of these terms of reference.

##### 2. Objectives

- 2.1. DFID has increasingly targeted development assistance at the country level and decentralised the way it works. The logical next step is to evaluate at country level how well the programmes (as described in the CAP or its nearest equivalent) translate DFID corporate objectives into operational plans to reduce poverty.
  - 2.2. The main objective of the CPE is to assess the country programme in terms of:
    - The **appropriateness** of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives;
    - The **relevance** of programme interventions given overall objectives (i.e. the cause and effect link between interventions and objectives), the governance and institutional setting, and DFID's comparative advantage and human resource availability;
    - The efficiency with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments, and the quality of DFID as a development partner;
-

- **The effectiveness** of the overall programme in achieving intermediate poverty reduction outcomes and the systems for measuring and monitoring success;
- What can be said about **impact and sustainability** and at what level this occurs. What changes intended or unintended can be attributed to the interventions.
- How the programme **mainstreams poverty**, gender and environmental issues.

### Scope of Work

- 2.3. The purpose of evaluating country programmes is to strengthen the planning and delivery of DFID's development assistance, and to enhance learning across different country programmes.
- 2.4. Since DFID's aid programme is only one of many factors contributing to poverty reduction, it is not practicable to focus the evaluation on measuring the direct impact of DFID's work on poverty.
- 2.5. The main purpose of the evaluation is to assess what value DFID adds in the development process, including:
  - the policy and institutional environment for the delivery of poverty reduction
  - how well DFID operates in this environment; both in relation to government and other stakeholders.
  - the appropriateness and relevance of DFID's behaviour and activities given the context in which it operates
  - consistency with the country government's own policy objectives and international development objectives.
- 2.6. It is also important to undertake an assessment to the extent possible of the impact of DFID's work and its new approach examining:
  - Programme direction and the poverty outcomes to which they are linked – Does the country programme have a clear strategic direction? How does this relate to DFID's corporate objectives on the one hand and the country-specific environment on the other?
  - Choice of Instrument and objectives – Are there clear cause and effect links between the choice of development instrument and the country objective it is attempting to achieve?
  - DFID as development partner – What is the nature and quality of DFID's partnerships and the degree of coherence with the country government and other development stakeholders? How do these different stakeholders perceive DFID as a development partner?
  - Outcomes – To what extent has the DFID programme influenced the behaviour, policies, strategy and programmes of other donors/ IFIs? What would have happened if DFID had not engaged/ contributed (the counterfactual)? To what extent has DFID been influenced? To what extent has DFID contributed to changes in donor coordination and harmonisation and how sustainable are the outcomes achieved?

### **3. Suggested work plan**

3.1. It is likely that the work will proceed in 3 phases described below, although the detailed project plan will be for the managing consultant to develop and agree with the Evaluation Manager and the Head of DFID-SA.

#### **a. Inception phase (Jan)**

3.2. This phase will comprise desk research by the Lesotho office and a member of staff from EvD to:

- identify key stakeholders to be consulted during the evaluation
- identify key issues for the evaluation, including understanding the development environment and history of DFID's recent programme
- gather relevant documents and identify data sources
- set up and plan the main field visit including consulting with local DFID staff and getting their support.
- identify and engage a consultant locally as part of the evaluation team

#### **b. Field visit (Feb)**

3.3. The team will then organise a country visit of around 2 weeks to Southern Africa to collect data and evidence, interview stakeholders and consult on initial findings. This will include a visit to DFID SA office in Pretoria followed by a visit to Maseru to consult with Lesotho based staff and also government ministries, other donors, civil society organisations and any other relevant stakeholders such as the private sector. A field visit to a project outside the capital may be required.

3.4. The consultant will facilitate a workshop to discuss the emerging findings and to extract key lessons learnt from Lesotho's CSP experience.

#### **c. Report (March)**

3.5. Following the field visit, an initial draft report should be produced by 4 March. This should be around 20-25 pages long and should include an Executive Summary suitable for stand-alone publication as an EVD evaluation summary. The report should consider among other things the following issues:

- i) the instruments used to achieve objectives (advisers' time, co-financing, basket funds, etc)
- ii) the inputs and outputs of projects and processes
- iii) the achievement of focus on the state/ society interface
- iv) the degree of coherence between DFID's own assessment of its role and that of other actors

3.6. The final draft report is required by the end of March and should reflect comments from EvD and from key stakeholders in DFID and externally. It should be agreed with the Evaluation Manager, the Head of DFID-SA, and with the Head of EvD.

#### **d. Dissemination and publication (April)**

- 3.7. A seminar for DFID staff and key stakeholders will be held in London and by video conference with DFID SA in April. EvD will organise editing, printing and issuing of final report by the end of April.
- 3.8. By way of follow up, EvD will consider raising key findings at meetings with senior DFID staff in May 2005 and may involve the consultant team in that process if appropriate.

#### **4. Methodology**

- 4.1. The methods will draw upon the experience from the pilot CPE studies and the synthesis report.
- 4.2. A key output of the inception phase will be to develop and share with the country office an **evaluation matrix** showing domains of performance. This matrix will start to develop a methodology for a balanced scorecard approach to evaluating performance, including:
  - Assessing DFID's delivery against intermediate development objectives. These will be agreed in advance and should be relevant to the PSA and MDGs, while taking into account the technical difficulty of measuring the impact on poverty of DFID's programme.
  - Assessing how well DFID manages human resources and other supporting processes.
  - Relate the outputs and impact to the size of the country office and scale of resources committed ('value for money')
- 4.3. This matrix will be used as a framework both for assessing the Lesotho programme and in future CPEs. It will provide a frame of reference for benchmarking performance across countries and for drawing together findings from different countries in an annual synthesis report.

#### **5. Deliverables and timescales**

- 5.1. The main deliverables, with indicative timescales and resources are shown in table 1. Detailed timescales and resources will be agreed in advance with the consultancy team at the start of the project.

**Table 1: Deliverables**

Deliverables	Timescale	Indicative inputs (days)	
		Consultancy	EVD
Inception Phase	December/January	10	15
Inception Visit	10 – 14 January	5	5
Evaluation matrix	By 21 Jan	10	2
Field Visit	7 – 18 Feb	50	
Draft report	By 3 March	10	10
Final report and executive summary	By 24 March	10	10
Seminar	W/c 11 April	3	5
Follow-up	By end April	2	3
Total		100	50

## 6. Resources and Skills Required

- 6.1. PARC will appoint a full-time managing consultant, a team leader and a local national consultant to deliver the outputs described above. PARC in coordination with EvD will provide dedicated management support to the consultancy team, including logistical support, and will be responsible for the timely delivery and quality of the evaluation outputs. PARC will also have responsibility for organising and facilitating in-country workshops and DFID seminars under the overall direction of the Evaluation Manager.
- 6.2. The managing consultant will have extensive evaluation experience, (including familiarity with how DFID works) a record of managing country/strategic level evaluations, strong written and oral communications skills and the ability to manage resources effectively including delivering to tight timescales.
- 6.3. The supporting consultant will have extensive evaluation experience, strong written and oral communication skills and a good local knowledge of Lesotho and contacts in country.
- 6.4. Subject to agreement with the Head of EVD, total consultancy input will be around 100 days and EvD staff will provide a further days of input to the project from an experienced economist/manager, and a deputy programme support officer, who will contribute a range of analytical and administrative skills.

## 7. Conduct of the Work

- 7.1. This project will be seen as a test of EvD and the project team's ability to produce work that is relevant for DFID and timely. It is essential that the CPE is carried out in way which is demonstrably:

### **Relevant and integrated**

- 7.2. Findings should be relevant for the work of DFID in Lesotho and the evaluation should be designed to be integrated with the ongoing work programme of the country office and regional plans.

### **Delivered on time**

- 7.3. Outputs must be delivered to agreed timescales. These timescales must be discussed with and take account of the requirements of the country office

### **Promote lesson learning**

- 7.4. The work should promote accountability and enhance lesson learning and knowledge sharing in DFID and among stakeholders, drawing upon the latest international and country-specific literature on development effectiveness. It should specifically inform the development of future Southern Africa Country Assistance Plan.

## **8. Reporting and contractual arrangements**

- 8.1. The consultants will report to the Evaluation Department within DFID. The evaluation manager will be Nick York (Senior Economist and Head of Country Performance/ Quality Assurance). Lynn Quinn (Deputy Programme Manager) will provide full-time evaluation and administrative support to the project.
- 8.2. The consultancy contract for the managing consultant will be let via the existing contract which DFID has with the PARC.

**Evaluation Department, December 2004**

**ANNEX B****PEOPLE CONSULTED****DFID Southern Africa (Pretoria)**

Sue Wardell	Head of Office
Gill Wright	Deputy Programme Manager
Paula Chalinder	Snr. Livelihoods Adviser/ Lesotho Prog. Manager (new)
Tim Martineau	Senior HIV and Health Adviser
Beth Arthy	Livelihoods and Environment Adviser
Helena McLeod	Senior Economic Adviser
Richard Thomas	Senior Governance Adviser
Hugh Scott	Senior Adviser: Private Sector Development
Tom Kelly	Regional Humanitarian and Food Security Adviser

**DFID Field Office, Lesotho**

Diana Webster	Head of DFID Lesotho Field Office
James Atema	Poverty Reduction Strategy Adviser
Tlelima Phakisi	Programme Manager

**Other DFID**

John Barrett	Ex-Deputy Head, DFID SA
Tom Barrett	Ex-Natural Resources/ Livelihoods Adviser, DFIDSA
Alistair Moir	Ex-Programme Manager for BLNS
Mike Hammond	Ex-Deputy Programme Manager, DFIDSA
Stephen Chard	Ex-Head of Office, DFIDSA
Sam Sharpe	Ex-Head of Office, DFIDSA
Bridget Dillon	Ex-Social Development Adviser, DFIDSA
Anthony Smith	Deputy Director Southern Africa

**Foreign and Commonwealth Office: Maseru**

Mr Frank Martin	British High Commissioner
Mr Mark Watchorn	Deputy High Commissioner

**Government of Lesotho**

Hon Dr Tim Thahane	Minister of Finance
Dr Moeketsi Majoro	Principal Secretary: Finance
Mrs Tshabalala	Deputy Principal Secretary: Finance/ Chair: LRA Board
Ms Qoane	Deputy Principal Secretary: Industry, Trade Marketing & Co-operatives
Ms Mapalesa Motoko	Department of Crops, Ministry of Agriculture and Food Security and Chairperson of LVAC
Cyprian Selebalo	Chief Surveyor: Department of Land Surveys & Physical Planning, Ministry of Local Government
Mr Kenneth Hlasa	Accountant General
Mrs Lucy Liphafa	Auditor General
Mr Kopano Mou	Asst Auditor General

Ms M. Motselebane	Director of Policy and Planning: Ministry of Agriculture & Food Security
Hon Dr M Phororo	Minister of Agriculture & Food Security
Mrs Sabie Molefe	Director: Cabinet Office
Chief Justice Lehohla	Chief Justice
Hon Fine Maema	Attorney General
Mr Moji	Human Resource Manager: Ministry of Public Service
Mrs Kholani	Organisation Development Officer: Ministry of Public Service
Mrs Masela	Training and Development Officer: Ministry of Public Service
Mrs Ramatjale	Director: Management Services: Ministry of Public Service
Hon R Masemene	Minister of Justice, Human Rights, Law & Constitutional Affairs
Ms Pontso Lebotsa	Principal Secretary: Justice
Mr Poshali Jonathan	Director: Occupational Health & Safety, Ministry of Labour & Employment
Ms Lirontso Lechoba	Senior Safety and Health Inspector: Occupational Health & Safety, Ministry of Labour & Employment
Ken Sekoea	ex Minister of Finance & Planning, currently Minister of Education
Mr Mohapi	Department of Field Services, Ministry of Agriculture & Food Security
Ms Queen Lesenya	Department of Policy & Planning, Ministry of Agriculture & Food Security

### **Implementing Partners**

Trish Kabi	Executive Director, TADI
Ian Stewart	Project Manager: LRA
Gareth Williams	Programme Technical Director, PFM programme
Mike Woolford	Programme Management Director, PFM programme
Martin Philips	Snr Technical Adviser, PFM programme
Peter James	Project Manager, PFM programme
Dr Joanne Abbot	CARE Country Director: South Africa and Lesotho
Me Makojang Mahao	Project Manager: LRAP
Peter Viner	Project Manager: Lesotho Justice & Safety Development Project
Peter Sakoane	LJSDP Secretariat
Peter Muhangi	Livelihoods Adviser: LVAC
Peter James	Project Manager: Public Finance Management
Martin Phillips	Technical Director: Public Finance Management
Andy Salm	Regional Textile & Apparel Specialist: ComMark Trust
Mark Bennet	Technical Assistant: ComMark Trust
Ms Mantai Kulehile	Programme counterpart, ComMark Trust
Mamohao Mohatla	Project Manager: PSCAAL
Neil Marsland	Consultant working on development of Lesotho Food Security Policy
Lucy Aliband	Regional Director: East/Southern Africa, Population Services International (PSI) (Social Marketing component of SADC/DFID Regional HIV/AIDS Project)

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Dr Abdul Karim Elgoni	Project Officer, Health Systems Trust: SADC/DFID Regional HIV/AIDS Project
Ms Moleboheng Patose	Training Coordinator: PSCAAL
Dagmar Hanisch	Technical Adviser: PSCAAL
Puseletso Salae	Regional Manager, Mineworkers Development Agency

### Peer Donors in Lesotho

Techeste Zergaber	World Food Programme
Tim Rwabuhemba	UNAIDS Country Coordinator, Lesotho
Victoria Diarra	UNV/ Social Statistician
John Wayem	Economic Advisor: UNDP Lesotho
Osten Chulu	Economist: UNDP, Lesotho (DFID placement with UNDP)
Joe Feeney	Policy Team Leader: UNDP Lesotho
Bill Nolan	Irish Consulate General
Paula Nolan	Development Attach , Development Cooperation Ireland
Silvio Decarntis	GTZ
Dr Castro Camarada	Representative: Food and Agriculture Organisation (FAO), Lesotho
Mr Karl Albrecht	Charge D’Affaires, US Embassy
Dr Bertrand Desmoulins	Representative: UNICEF, Lesotho
Preeti Arora	Snr Country Economist Southern Africa, World Bank
Peter Christiansen	Head: EU Delegation
Victoria Diara	UNDP
Scholastica Kimaryo	Previous Resident Representative of UNDP in Lesotho

### Civil Society

Mr Makeka	Chief Executive: Association of Lesotho Employers
Mr P Salai	Social Planning Manager, MDA
Mr Phafane	Deputy President: Chamber of Commerce and Industry
Mr Seabata Motsamai	Lesotho Council of NGOs (LCN)

### Other

Geoffrey West	Economic Adviser (EU TA), Ministry of Finance
Mr L Thoahlane	Chair: Independent Electoral Commission
Johannes Wessels	Economic Adviser (TA), Ministry of Planning
Mr Warnich	Deputy High Commissioner, Embassy of South Africa
Martin Adams	Principal Consultant: Mokoro (UK)
Steven Turner	Senior Consultant Resource Development: Centre for International Cooperation, the Netherlands
Prof David Ambrose	National University of Lesotho (NUL)
Manfred Metz	Economist: Consultant for Development Planning (CODEPLAN)
Mr David Hall	Director: Sechaba Consulting, Maseru
Anthony Howlett-Bolton	Consultant, Justice sector programme

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## **ANNEX C**

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## ANNEX D: LESOTHO COUNTRY PROGRAMME EVALUATION MATRIX

CRITERIA	MAIN QUESTIONS	SUB QUESTIONS / TASKS
<b>1. CONTEXT: what were the significant features of the context in which the programme was designed and implemented?</b>		
1.1 Lesotho 2000-2004	Drivers for change over this period	<ul style="list-style-type: none"> <li>• Timeline and significant features.</li> </ul>
1.2 DFID 2000-2004	Major changes & events within DFIDSA	<ul style="list-style-type: none"> <li>• Timeline and significant features</li> </ul>
1.3 Donor scene 2000- 2004	Major changes in donor community and approach	<ul style="list-style-type: none"> <li>• Timeline and significant features</li> </ul>
<b>2. PROGRAMME QUALITY: what was the quality of DFIDs programme and process?</b>		
<b>2.1. Strategy</b>	<ul style="list-style-type: none"> <li>• Was DFIDs strategy(s) in Lesotho right?</li> </ul>	<ul style="list-style-type: none"> <li>• Summarise evolution &amp; content – what alternatives were considered ?</li> <li>• Appropriately harmonised with and communicated to, other donors?</li> <li>• Clear, results-focused and monitorable? OVI realism ? – use of CIMTs ?</li> <li>• Relevant, appropriate and aligned to context/PRS process ?</li> <li>• Consistent with DFID policy? reflecting DBS path, PRS led, harmonization, upstream shift, globalization, PSA agenda</li> <li>• Adequate consultation with and communication to govt, CS and Private sector ?</li> </ul>
<b>2.2 Relationships</b>	<ul style="list-style-type: none"> <li>• Was DFID a good development partner?</li> <li>• Did DFID pursue 'influencing' in the right way? - were there any explicit influencing objectives ? was the allocation of influencing effort appropriate ?</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of key partners and change over time</li> <li>• General approach to influencing</li> <li>• DFID – government</li> <li>• DFID – civil society</li> <li>• DFID – FCO</li> </ul>
<b>2.3 Internal Organization</b>	<ul style="list-style-type: none"> <li>• Did DFID have the appropriate structure, systems, staffing and skills to deliver the Lesotho programme ?</li> <li>• Has the programme been efficient ?</li> </ul>	<ul style="list-style-type: none"> <li>• DFIDSA Regional Prog &amp; Africa Division – the effectiveness &amp; efficiency of the London – DFIDSA – FMO relationship ?</li> </ul>

CRITERIA	MAIN QUESTIONS	SUB QUESTIONS / TASKS
2.4 Activities	<ul style="list-style-type: none"> <li>Did DFID implement the right portfolio of activities and instruments?</li> <li>Did DFID appropriately balance its support for government and civil society?</li> </ul>	<ul style="list-style-type: none"> <li>Financial and staff inputs by CP outcome and instrument</li> <li>Justification for activities and instruments by outcome</li> <li>Mainstream gender?</li> <li>Mainstream environment?</li> <li>Mainstream poverty?</li> <li>Mainstream HIV/AIDS</li> <li>Balance between govt. and CS?</li> <li>M &amp; E of initiatives and instruments?</li> </ul>
<b>3. PROGRAMME EFFECTIVENESS: what has the programme achieved?</b>		
3.1 Results	<ul style="list-style-type: none"> <li>To what extent have project level objectives been achieved/ are on track at project output and purpose level?</li> <li>What influence has been achieved?</li> <li>Has DFID advanced harmonisation?</li> <li>How effective have different aid instruments been as development instruments?</li> <li>Are these results sustainable?</li> </ul>	<ul style="list-style-type: none"> <li>Outcome 1 – Political stability</li> <li>Outcome 2 – PRS process</li> <li>Outcome 3 – Public service management and delivery</li> <li>Outcome 4 – Donor coordination</li> <li>Outcome 5 – Regional engagement</li> <li>Outcome 6 – Food security</li> <li>Outcome 7 – HIV/ AIDS</li> <li>Outcome 8 – Job creation</li> </ul>
3.2 CP outcomes:	<ul style="list-style-type: none"> <li>What progress has been made towards each (CP) strategic outcome?</li> <li>Is this progress sustainable?</li> <li>What has been DFIDs contribution?</li> </ul>	<ul style="list-style-type: none"> <li>Outcome 1 – Political stability</li> <li>Outcome 2 – PRS process</li> <li>Outcome 3 – Public service management and delivery</li> <li>Outcome 4 – Donor co-ordination</li> <li>Outcome 5 – Regional engagement</li> <li>Outcome 6 – Food security</li> <li>Outcome 7 – HIV/ AIDS</li> <li>Outcome 8 – Job creation</li> <li>Deepening democracy</li> <li>Effective poverty reduction strategy</li> <li>Transformation within public service</li> </ul>
3.3 CP purpose and goal	<ul style="list-style-type: none"> <li>What progress has been made towards the CP purpose and goal?</li> </ul>	
3.4 DFID corporate objectives	<ul style="list-style-type: none"> <li>What contribution has the programme made to the PSA and DDP?</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to PSA and DDP (general)</li> <li>Specific contribution re HIV/AIDS (PSA)</li> </ul>

CRITERIA	MAIN QUESTIONS	SUB QUESTIONS / TASKS
<b>4. DEVELOPMENT PROGRESS: <i>what development progress has been achieved in Lesotho?</i></b>		
4.1 Development progress 2000-2004	<ul style="list-style-type: none"> <li>• What overall progress has been made towards the MDG's etc.?</li> <li>• What has been the contribution of the development assistance?</li> </ul>	<ul style="list-style-type: none"> <li>• Economic and development progress</li> <li>• Contribution of development assistance?</li> </ul>
<b>5. CONCLUSIONS, LESSONS AND ISSUES</b>		
5.1 DFID contribution and value added	<ul style="list-style-type: none"> <li>• What has been DFIDs overall value added/contribution?</li> </ul>	
5.2 Strengths and weaknesses of DFID programme	<ul style="list-style-type: none"> <li>• What have been the strengths of the DFID programme?</li> <li>• What have been its weaknesses?</li> </ul>	
5.3 Explanatory factors	<ul style="list-style-type: none"> <li>• What explains DFIDs contribution and the strengths/weaknesses of the programme?</li> </ul>	
5.4 Issues and lessons	<ul style="list-style-type: none"> <li>• What lessons can be learned for the Regional Programme (Strategy ?), DFID and donors?</li> <li>• What issues of wider interest (PRS &amp; BS) are raised by the Lesotho experience?</li> </ul>	



## ANNEX E: LESOTHO TIMELINE

## DFID Lesotho programme assistance 2000-2004 and prevailing external political context &amp; internal policy dimensions.

Timeline	2000	2001	2002	2003	2004
<b>Political context</b>	<p>Independent Political Authority (IPA) in place following 1998 unrest, installed after SADC intervention.</p> <p>Essentially a coalition govt of national unity with the LDC in the lead.</p>	<p>IPA government with LDC holding key positions in Cabinet including PM's office.</p> <p>Despite occasional political hiccups preparations move forward towards a General Election.</p>	<p>Fair and free elections held and confirm LCD in power with 79/80 majority.</p> <p>All Proportional Representation seats in Parliament given to Opposition parties.</p> <p>New LDC government, with a popular mandate commits itself to pro-poor development policies</p>	<p>LDC consolidates its authority as the majority party in power, and there is an acceptance of the democratic outcome by opposition parties.</p> <p>The institutions of governance: Parliament, an independent Judiciary and the Executive, begin to function in line with the principles of the new democratic dispensation.</p>	<p>Growing climate of stability favouring economic development.</p> <p>Evidence of business confidence apparent in domestic investment and steady return of South African and foreign businesses to Lesotho.</p> <p>African Union and African Parliament established and political discourse on development across the continent begins to adopt Africanist language of African-led development.</p>
<b>GoL Development Priorities</b>	<p>Given the nature of the IPA, ministers lack a political mandate. No clear strategy, no common political manifesto to direct GoL business and development.</p> <p>Encouraged by the regional partners (SADC in particular), UNDP, and the internal desire for peace, GoL begins to set in motion processes to understand and encapsulate national Basotho aspirations..</p> <p>No national accounts and audits</p>	<p>The beginnings of Vision 2020 under the stewardship of the IPA. Extensive public consultation processes (e.g. 'Voices of the Poor') produce evidence that begins to shape the development discourse in Lesotho.</p> <p>This embryonic PRS process assumes local characteristics and not be seen as just an imported and imposed instrument of aid - conditionality.</p> <p>No national accounts and audits</p>	<p>Community consultation for the PRS extends across the country.</p> <p>Donors begin to work together on PRS &amp; Vision 2020.</p> <p>No national accounts and audits</p>	<p>PRS begins to influence GoL planning and ODA programmes</p> <p>First national accounts and audit for 2002/03</p>	<p>PRS &amp; 2020 approved by Cabinet.</p> <p>Definition of explicit development priorities:</p> <p>***** HIV and Aids overarching and cross-cutting priority *****</p> <ol style="list-style-type: none"> <li>1. Job Creation</li> <li>2. Food Security</li> <li>3. Governance, Safety and Security</li> <li>4. Infrastructure</li> <li>5. Access to Affordable Health</li> <li>6. Access to Quality Basic Education</li> <li>7. Environmental Management</li> <li>8. Public Service Delivery</li> </ol>

Timeline	2000	2001	2002	2003	2004
<b>DFIDSA policy framework &amp; priorities for Lesotho</b>	<p>Limited cautious engagement by DFID in Lesotho in the aftermath of the 1998 unrest.</p> <p>Engagement in a limited number of poor projects, but no major aid commitments to IPA government.</p> <p>'Wait and see' approach as DFID watches for signs of political stability, the conduct of free &amp; fair elections &amp; the formation of a new democratic govt. DFIDSA begins process of formulating a regional strategy.</p>	<p>Engagement in a limited number of poor projects, but no major aid commitments to IPA government.</p> <p>'Wait and see' approach as DFID watches for signs of political stability, the conduct of free and fair elections and the formation of a new democratic government.</p> <p>Work proceeds on the formulation of a regional strategy</p>	<p>Regional strategy takes shape.</p> <p>It argues for a change from a 'series of bilateral programmes concentrating on specific projects towards a regional approach with fewer more strategic interventions'.</p>	<p>DFID programming criteria become clearer:</p> <ol style="list-style-type: none"> <li>1. Respond to GoL priorities.</li> <li>2. Look for shared between GoL priorities &amp; DFIDSA reg. strategy.</li> <li>3. Take into account DFID global targets.</li> <li>4. Seek added value of DFID intervention, complementing work of other ODA agencies, &amp; drawing on experience of existing relationship with potential partners<sup>1</sup>.</li> <li>5. Consider absorptive capacity in sector / partner institution.</li> </ol>	<p>DFID work in Lesotho rationalised and clustered into three frameworks</p> <ol style="list-style-type: none"> <li>1. Poverty Reduction Strategy Foundation Programme (PRS) (£5m)</li> <li>2. Poverty Reduction Strategy Priority Support Programme</li> <li>3. DFIDSA regional programmes</li> </ol>
<b>Lesotho Programme Management Arrangements</b>	<p>DFID interventions managed from Pretoria.</p> <p>Local administrative support provided by Field Office</p>	<p>DFID interventions managed from Pretoria.</p> <p>Local administrative support provided by Field Office</p>	<p>Programme management begins to be devolved from Pretoria with the appointment of a DFID Deputy Programme Manager based in Maseru.</p>	<p>Further devolution of programme management with the appointment of programme officer.</p>	<p>Programme management largely devolved to Maseru, though full team meetings of programme management team and Pretoria-based advisers take place in Pretoria as part of in-week.</p> <p>No other structured forum for advisers and programme managers to meet regularly and no in-country mechanism for programme management to meet regularly &amp; collectively with DFID sponsored operational staff.</p> <p>Informal in-country gatherings hosted by Deputy Programme Manager.</p>

<sup>1</sup> But no explicit mention in this criterion of taking note of historical commitments.

## ANNEX F

## SUMMARY AID STATISTICS

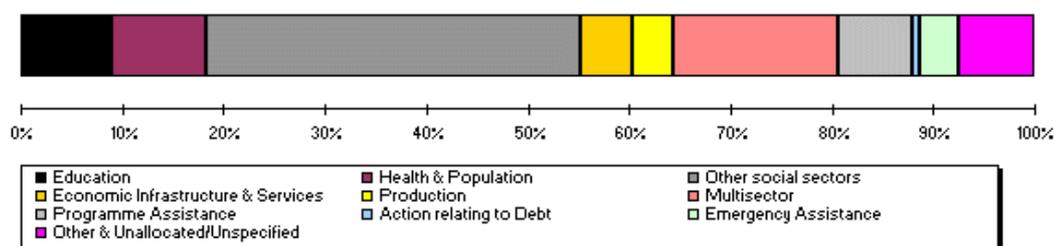
## Lesotho

Receipts	2001	2002	2003
Net ODA (USD million)	56	76	79
Bilateral share (gross ODA)	42%	36%	38%
Net ODA / GNI	6.0%	8.7%	5.9%
Net Private flows (USD million)	- 99	- 92	- 104

For reference	2001	2002	2003
Population (million)	1.8	1.8	1.8
GNI per capita (Atlas USD)	510	470	590

Top Ten Donors of gross ODA (2002-03 average)	(USD m)
1 IDA	19
2 EC	19
3 Ireland	12
4 SAF & ESAF (IMF)	7
5 AfDF	6
6 Germany	5
7 United Kingdom	5
8 United States	4
9 Japan	4
10 WFP	3

Bilateral ODA by Sector (2002-03)



Sources: OECD, World Bank.



## ANNEX G

## DFID PROGRAMME HISTORY

## Summary of project interventions (Jan 2000 – Dec 2004), Goal &amp; Purpose level statements

Note. Recorded where intervention (£/effort) of strategic significance and/or DFID intervention > £100k

DFID (Intermediate) Outcome	"Project" period	Project Goal	Project Purpose (= source for Programme 'Output')	Project Outputs
<b>1. A new electoral process established</b>				
Support to the Independent Electoral Commission (IEC)	4/01 – 12/02 3/03 – 5/04	To promote stability conducive to development by assisting Lesotho to conduct successful elections.	To strengthen the institutional capacity of the IEC to deliver fair, free, transparent and accessible elections in a cost-effective and sustainable manner	4 (for 03/04)
* Pre election inputs * Post-election inputs				
<b>2. A strategy for poverty reduction</b>				
Support to the Poverty Reduction Strategy	11/01 – 05/05	Reduction of poverty and inequality in Lesotho	(Jan 02) Strengthened capacity of government (especially Ministry of Planning) and civil society to pursue poverty reduction goals of vision 2020  Revised Purpose 05/03 "Strengthened capacity and coordinated engagement of key stakeholders around finalisation and implementation planning of the Lesotho Poverty Reduction Strategy"  (Jan 02 - OVIs) Policies and programmes benefiting the poor are formulated, adopted, implemented and reviewed by GoL and civil society.  Improvement in living standards of poor	3  Strengthened poverty planning and monitoring system  Stronger civil society contribution to poverty reduction and poor better engaged in democratic processes  Improved basic service delivery to the poor
Strengthening GoL's Poverty Monitoring function	(Dec 04) no date	-	To coordinate the implementation of PRS. To develop a national poverty information data. To support and strengthen the links of LVAC	
Strengthening the role of civil society in PRSP and poverty dialogue	11/2000 - 04/2003 (09/02 – 6/03)	Contribution to the creation of a dynamic civil society movement that is able to engage and contribute to the development of poverty reduction strategies and national policy	To assess and build capacity for civil society to engage effectively with Government to implement anti-poverty strategies (OVIs) Stronger civil society with full official recognition Membership growth Less dependency on donors for core expenses	6

DFID (Intermediate) Outcome	"Project" period	Project Goal	Project Purpose (= source for Programme 'Output')	Project Outputs
Civil Society Support prog (CSSP)	08/04 – 2007 (Dec 04 – yet to start)	-	To support the development of a dynamic and sustainable civil society engaged in monitoring and shaping PRS implementation.	
Advisor (co-ordinator) for PRS process (James Atema)				
TORs for Advisory input (DFIDSA) in the PRSP	2/03 – 5/03	"To provide DFID advisory team an opportunity for early intervention to ensure that sector strategies are feasible and robust enough to make significant contribution to poverty reduction in Lesotho"	A credible PRSP for Lesotho which will be supported by government, private sector, civil society and development partners ... <i>PRSP approval by Cabinet May 03</i>	-
UNDP Placement: ALD Economist – secondment to UNDP Lesotho Country Office (Osten Chulu)	9/03 -		Ref from UNDP – "look forward to strengthening our partnership" (with DFID)	
Poverty Reduction Strategy Foundation Programme (Outputs 4 & 5) <i>Note projects under the new prog – some running from 9/04 on</i>	09/04 – 2007	Foundation for PRS success such as ... poverty monitoring .. in place	(o4) Poverty monitoring systems developed and fully functional – (OV1) Poverty monitoring unit established and operational by 2004 (o5) CSO role in evidence based advocacy and performance assessment developed and effective – (OV1) Vibrant civil society engaged in policy influencing by 2006	
<b>3. Improved public service management and delivery</b>				
Support Project to the Public Sector Improvement & Reform Programme	08/01 - 2007	To improve the quality of life of all Basotho through poverty reduction and job creation strategies	To improve the quality and efficiency of delivery of public services to all Basotho, and other clients as appropriate (OV1) In 5 years .. Significant improvement in service delivery in support of the objectives and targets contained in the PRSP	6

DFID (Intermediate) Outcome	"Project" period	Project Goal	Project Purpose (= source for Programme 'Output')	Project Outputs
DFID support for Public Financial Management	Start wef 01/05	(Dec 03) Public finances effectively managed and targeted towards improved development	(Dec 03) Strong PFM systems and processes started to be implemented led by clear, long-term GoL priorities  (Nov 04) To strengthen GoL's PFM systems including accountability and procurement	7
Revenue Assistance Project (Lesotho Revenue Authority)	06/95 - ?		To improve collection of direct and indirect taxes, computerise tax departments, consider the case for introducing VAT, capacity building in tax debts, and in customs and excise.	8
Lesotho Revenue Authority	03/02 - 2006	To improve the welfare of the Basotho through poverty reduction achieved through improved redistribution of resources	To support sustainable, equitable and improved tax management by the Lesotho Revenue Authority (Technical Assistance)  (Dec 04) To assist the GoL in establishing an effective independent revenue authority  OVIs - 6	?
(Community) Safety & Security	02/99 - 2003		To strengthen GOL's capacity to provide an effective, efficient and accountable policing service that is responsive to the needs of the community.  (OVI) Effective GoL structures, systems and trained staff in place (OVI) Improved police performance and accountability To develop the Lesotho Justice sector so that pro poor policies are developed and implemented. OVIs – 2 for Inception Phase	5
Lesotho Justice Sector Development Programme	08/03 – 11/07 (03/02)	Improved safety, security and access to justice and respect for all rights of all people in Lesotho.	To develop WASA into an efficient, effective and sustainable parastatal To develop further the Lesotho Secondary Schools Advisory Service (AS) and the infrastructure in which it operates.	9 outcomes
Water and Sewerage (WASA)	11/95 - 01		To develop WASA into an efficient, effective and sustainable parastatal	8
Secondary Education Support (SESP)	02/95 - 02		To develop further the Lesotho Secondary Schools Advisory Service (AS) and the infrastructure in which it operates.	?
(Training for) Environment & Agricultural management (TEAM)	11/97 - 2002		To test and establish a viable, replicable resource management support process that enables rural households to pursue agreed community priorities	?

DFID (Intermediate) Outcome	"Project" period	Project Goal	Project Purpose (= source for Programme 'Output')	Project Outputs
Dept of Lands Surveys & Physical Planning Phase III	01/97 – 12/2000		?	
Agricultural Policy and Capacity Building Programme (APCBP)	04/01 – 12/03	(DFID component) To promote poverty reduction by enhancing the performance and sustainability of the agricultural sector	(DFID component) Improved institutional and policy arrangements for the sustainable and efficient management, financing and delivery of public and private agricultural services  2003/04 specific policy change targets – addl DFID support: PRSP and the Agricultural Sector Strategy MoACLR's HIV/AIDS programme agreement on structure and institutional reform of the Ministry land reform and harmonisation	4 – DFID support to 2 of these
<b>4. Donor coordination</b>				
Donor harmonisation	No start date		To support GoL to coordinate donor activities around the PRS and PSIRP more efficiently	
Participation in EDAL				
<b>5. Effective regional engagement</b>				
Lesotho Trade and Poverty Prog (LTPP) ... part of Regional Trade Support Prog (tbc)	07/03 – 07/04 (2006)  (Dec 04 – no spend to date)		Capacity enhanced in appropriate Lesotho institutions to formulate, negotiate and implement trade policies which are inclusive and pro-poor	
Lesotho Highlands Water Commission (LHWC)	09/99 – 03/03 (01/05)	The Lesotho Highlands Water Project is efficiently operated with maximum benefit to Lesotho	High quality of the Lesotho Delegation to the LHWC maintained  OVI incl International treaty between GoL and RSA is adhered to.  GoL delegation matches the calibre of the South African delegation	8
<b>6. Food security</b>				
Lesotho Durham Agroforestry Link Programme	06/99 – 01/02		To improve rural livelihoods through increased homestead production in the Quthing and Mophale's districts of Lesotho	?
Livelihoods Study	10/99 – 11/2000			

DFID (Intermediate) Outcome	"Project" period	Project Goal	Project Purpose (= source for Programme 'Output')	Project Outputs
Livelihoods Recovery through Agriculture Programme (LRAP)	03/03 - 2005		Vulnerable rural households in the Southern districts affected by food insecurity have improved their homestead agricultural production (Mafetang, Mhaleshoek, Quthing & Qacha's Nek)	
Consultancy on drafting (Food security) policy document	09/04 - 2005		To reduce hunger and vulnerability in Lesotho	
<b>7. Tackling HIV/AIDS</b>				
Sports Health & AIDS Footballers Education Prog II	07/97 – 12/2000		To improve the sexual health of 50,000 Basotho youth by decreasing HIV/STD prevalence and teenage pregnancy, through the promotion of changes to behaviours, safe sex practices and increasing condom use	?
Private Sector Coalition Against AIDS in Lesotho (PSCAAL)	05/00 – 11/04	Effect and maintain a broad private sector response to HIV/AIDS in Lesotho	To facilitate a scaling up to the private sector response to HIV/AIDS in Lesotho on a sustainable basis.... Establish a national organisational mechanism to facilitate programmes pertaining to HIV/AIDS prevention and mitigation in the workplace, and provide a continuum of home based care and support at community level. ... To reduce risk and improve capacity to care, and mitigate the impact of HIV  (Phase 2 proposal of PSCAAL approved and will be subsumed in the PSP main HIV/AIDS prog)	3
Consultancy to assist GoL with its institutional review of LAPCA and structure for NAC	2004	-	-	
SADC/ DFID Regional STI/HIV and AIDS Project	2000 - 2005	Reduction in HIV related risk behaviour among BLNS people most vulnerable to infection.	Regional: Strengthened enabling environment through support to the SADC STD HIV/AIDS strategy whereby in particular BLNS women, men and young people most vulnerable to HIV infection can reduce their HIV-related behaviour.  Lesotho – GoL guides and monitors Lesotho's sector response to HIV & AIDS to limit its spread and mitigate its social and economic impact	6

DFID (Intermediate) Outcome	"Project" period	Project Goal	Project Purpose (= source for Programme 'Output')	Project Outputs
Support to Soul City : The Institute for Health and Development Communication (Regional Project)	11/02 - 2007	To promote behaviour change among the population of the SADC countries in respect of HIV/AIDS, health and lifestyle.	Regional: To establish effective multi-media edutainment capacity in respect of HIV/AIDS, health and lifestyle in a co-ordinated fashion across 8 Southern African countries and to replicate the progs and/or disseminate the lessons learned to all SADC countries	5
Regional HIV/AIDS programme.		Promotion of major socio-economic MDGs and UNGASS goals and targets on HIV/AIDS	More effective regional working on HIV/AIDS	3
<b>8. Job creation</b>				
Lesotho Manufacturer Association (LMA)	05/98 – 03/03		To establish a training/ production centre in the garment sector to achieve modern small scale garment enterprise in Lesotho and generate employment and income mainly for women.	
Mineworkers Development Agency (MDA) Small Business	05/00 – 03/04	To stem the socio-economic decline in Lesotho by generating sustained increases in small business activity, employment and sustainable livelihoods with particular emphasis on retrenched mineworkers and their dependents	To extend the range of business support ( <i>and social integration</i> ) services delivered to ( <i>returning mineworkers and their families</i> ) small entrepreneurs in Lesotho	6
Making Commodity markets work for the poor (ComMark)	02/02 - 2008	Reducing poverty and inequality in Southern Africa (including SA and BNLS)	To enhance the growth and development of selected commodity and service sectors in the SACU region for the sustainable benefit of the poor.	
Lesotho Garment Assistance Prog		To enhance the growth of the garment industry for the sustainable benefit of the poor particularly women	To increase the level of investment in and international competitiveness of the Lesotho garment industry	5

<b>DFID (Intermediate) Outcome</b>	<b>"Project" period</b>	<b>Project Goal</b>	<b>Project Purpose (= source for Programme 'Output')</b>	<b>Project Outputs</b>
Making financial services work for the poor (FinMark)	03/02 – 2006	To strengthen the livelihoods of the poor and vulnerable, and especially women, through improved incomes and reduced exposure to livelihood risks.	Regional: To support a sustainable expansion in access to financial services for SMMEs the poor and vulnerable, and especially women in Southern Africa.	5
Business For Business (B4B)	09/04 – 10/07	Poverty reduced in Lesotho through increased employment	To make Lesotho a better place to do business for all OVIs incl GNP growth averages 4.5%+ over period of project (currently 4.2% in 2004)	4



**ANNEX H****DFID PROGRAMME EXPENDITURE****Bilateral aid (£ thousand)**

	<b>Financial Aid</b>	<b>Technical Cooperation</b>	<b>Grants and Other Aid in Kind</b>	<b>Total DFID Programme</b>
2000/01	187	1154	929	2281
2001/02	30	1595	1099	2724
2002/03	94	2298	465	2857
2003/04	129	2175	1032	3335
<b>TOTAL</b>	<b>440</b>	<b>7222</b>	<b>3525</b>	<b>11197</b>

**Main expenditure areas 2000/01-2003/04, by economic sector (£ thousand)**

<b>Economic sector</b>	<b>Expenditure 00/01 – 03/04</b>	<b>%</b>
Private sector development	2093	21
Government services	1031	10
Rural service – delivery & finance	975	10
Agricultural policy	907	9
Elections	865	9
Strengthening civil society	756	8
Unallocated	680	7
Water resource management	544	6
Food security	507	5
Other sectors	1488	15
<b>TOTAL</b>	<b>9838</b>	<b>100</b>

**Expenditure by outcome area (£ thousand) – approximate DFID bilateral**

<b>Outcome area</b>	<b>Expenditure 00/01 – 03/04</b>	<b>%</b>
Electoral process	896	8
Poverty reduction strategy	725	7
Public sector management and delivery	5223	47
Donor coordination	-	-
Regional engagement	500 <sup>1</sup>	5
Food security	680	6
HIV/AIDS	203	2
Job creation	2084	18
Unallocated	746	7
<b>TOTAL</b>	<b>11057</b>	<b>100</b>

<sup>1</sup> Re. LHWC



## ANNEX I: PROJECT RESULTS

**Operational**

MIS Code	Project Title	Start Date	Commitment p00s	Risk	Spend	Financial Aid type	Review date	Review type	Output score	Purpose score
32004001	Lesotho Revenue Authority	03-Jan-03	230	Not States	£159,510	Stand Alone TC	Nov-04	Annual	2	2
32508002	Investment Recovery Through Agriculture Programme	10-Mar-03	1,500	Medium	£1,005,000	Stand Alone TC	Oct-03	CHP	2	3
32540007	M/L/W Small Business	08-May-00	1,000	Medium	£1,271,230	Stand Alone TC	Jan-04	CPR	3	3
32542033	Poverty Reduction - Strategy	09-Nov-00	1,000	Medium	£355,555	Stand Alone TC	Sep-04	Annual <sup>1</sup>	2	3
32542036	Lesotho Revenue Authority	18-Mar-02	3,239	Medium	£1,545,805	Stand Alone TC incl 40M Prc.	Nov-04	CPR	2	2
32542037	Lesotho Jus Soc Dev Prc.	04-Aug-03	5,500	Medium	£587,501	Stand Alone TC	Dec-04	CHP	2	3
32542038	Lesotho Poverty Reduction Strategy Foundation Programme	08-Sep-04	5,000	Medium	£35,472	Stand Alone TC				

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## Scoring System

- 1 Likely to be completely achieved
- 2 Likely to be largely achieved
- 3 Likely to be partially achieved
- 4 Only likely to be achieved to a very limited extent
- 5 Unlikely to be realised
- X In no way to judge extent of achievement

<sup>1</sup> Note. Sept 04 AR for 32542033 covers civil society strengthening component of PRS support only

## Completed Projects

MIS Code	Project Title	Start Date	End Date	Commitment (000s)	Risk	Spend	Financial Aid Type	Latest review	Review Type	Output score	Purpose score
32550016	Secondary Educ Support (SUSP)	01 Feb 99	2002	2 550	Not Stated	£1 452 536	SATC	May-04	FOR	3	3
32544010	Water & Sewerage Works	02 Nov 99	2004	1 000	Medium	£1 630 845	SATC	Mar-03	FOR	3	3
32506004	Dupl Of Jones Survey & Price Planning Phase II	07 Jan-97	Dec 2000	435	Not Stated	1434	SATC				
32556006	Sports Health & A DS Footballers Educator Proj II	19 Jun-97	Dec 2000	719	Low	1715	SATC	Apr-04	FOR	3	3
32500005	Environment & Agricultural Management	05 Nov 97	2000	1 895	Medium	£1 755 302	SATC	Sup-03	FOR	3	3
32540002	Leisure Visitor	15-May-00	Mar 2002	102	Medium	£1 792 977	SATC	Oct-02	FOR	3	4
32542031	Safety & Security	15-Feb-95	2005	1 075	Medium	£1 088 836	SATC	1 Feb 05	FOR	3	3
32502005	Radio Program Link Facility Project	07 Jun 99	Jan 2003	212	Medium	£1 070 070	SATC	Sup-01	FOR	3	3
32532001	Radio transmission							1 Feb 03	FOR	3	3
32542025	Travel Assistance Project							Apr-04	FOR	3	3
32542032	Television Project	04 Dec 00		700	Medium	£957 229	SATC	May-01	FOR	3	2
32544014	Scottish Highlands Water Co	14-Sep-00		770	Medium	£737 246	SATC	Nov 04	FOR	3	3
32508001	Neighborhoods Study	01 Oct 95	Nov 2000	110	Low	£110 000	SATC				
32555007	Travellers Transmission Campaign	14 Jan-00		55	Not Stated	555 614					
32500006	Ag Cultural Policy & Cap Ex	19-Feb-01	Dec 2003	1 300	High	£1 000 174	Multi Lat				
							WPA/MSB				
							FAO				
							ES 3m	Dec-03	FOR	3	3
32542035	Public Sector Reform	01-Feb-01	Aug 2007	305	Not Stated	£59 670	SATC				

25/01

## ANNEX J

## DFID LESOTHO PROGRAMME RESULTS FRAMEWORK 2000-2004

Objectives	OVis	MoV	Assumptions
<p><b>Super Goal:</b> Lesotho achieves its national development goals (MDGs)</p> <p><b>Purpose (00-04):</b> Supporting changes to the electoral process to promote the democratic process, contribute to stability and help Lesotho achieve an elected government with wide national legitimacy.</p> <p>(02-04): Supporting Lesotho's Strategy process for Poverty Reduction..</p> <p>(00-04): Support to transformational programmes at the centre of government <i>(identified as key priority for next 2-3 yrs in 2002)</i></p>	<p>No. of people living in extreme poverty and hunger reduced by half by 2015</p> <p>Uncontested election (2002)</p> <p>Poverty reduction strategy paper (PRSP) published by GoL (Oct 2002 target date)</p> <p>Improved pro-poor revenue collection and public sector expenditure management reflecting development priorities in Lesotho.</p>	<p>National Statistics, Human Development reports and MDG reports</p> <p>Report on elections</p> <p>Record of PRSP process (to specify)</p>	<p>Lesotho enjoys successful elections, leading to social, political and economic stability; and any new administration remains committed to the PRSP</p>
DFID Programme (Intermediate) Outcomes	Milestones	Related DFID Interventions (Spend & Effort) – through which DFID contributing to outcomes	
<p>O1. <b>Political stability:</b> A new electoral process established through local efforts (with external support)</p> <p>O2. <b>Poverty reduction strategy:</b> Effective Vision 2020 / PRSP implemented and influences resource allocation.</p>	<p>Milestones to be extracted from GoL or DFID document setting agenda 00-02 &amp; post election period</p> <p>2.1 Cabinet and Parliamentary approval by March 2003 (Dec 2003)</p> <p>2.2 Consolidation of national ownership of PRSP, including private sector (merging with vision)</p> <p>2.3 WB/IMF approve PRSP by August 2003 (March 2004)</p>	<p>IEC</p> <p>PRS support / UNDP placement LCN</p>	

DFID Programme (Intermediate) Outcomes	Milestones	Related DFID Interventions (Spend & Effort) – through which DFID contributing to outcomes
	<p>2.4 GoL Action Plan/ road map for taking forward PRSP after approval in place by Nov 2003</p> <p>2.5 GoL establishes Poverty Monitoring unit (PMU) to measure progress to MDGs</p>	
<p><b>O3. Public sector management &amp; delivery:</b> Significant improvement in public service management and delivery in support of the (<i>pro-poor</i>) objectives and targets contained in the PRSP</p> <p><i>Medium term change area: Public financial management improved in line with PRS priorities and paving way for PBS</i></p>	<p>Benchmarks agreed with the IMF, notably in tax administration met by GoL</p> <p>3.1 Balance sheet created and first year accounts closed and no fewer than 2 out of 10 fiduciary standards met</p> <p>3.2 VAT implemented by Dec 2003 (Revenue collection enhanced – 04)</p> <p>3.3 (GoL) Strategic plan for justice sector (and human rights – 04) agreed, linking with PRSP.</p> <p>3.4 GoL addresses PRSPs No. 1 challenge of HIV/AIDS (04)</p> <p>3.5 GoL completes 02/03 national accounts by March 2004</p>	<p>PSR &gt; PFM</p> <p>LRA</p> <p>CSS (TADI) &gt; LJSDP</p> <p>APCBP</p> <p>TEAM</p> <p>SSEP</p> <p>Discrete support to formulation of education strategy</p>
<p><b>O4. Donor coordination:</b> Effective coordination of transparent donor support around PRSP</p> <p><i>Medium term change area: Harmonised donor support behind agreed, effective PRS”(04)</i></p>	<p>4.1 GoL convene at least one round of comprehensive aid talks with significant donors</p> <p>4.2 EU align to PRSP</p> <p>4.3 WB/IMF agree PRSP by October 2004 (04)</p> <p>4.4 GoL sets up poverty monitoring unit to monitor prog toward MDGs by Dec 2004 (04)</p>	<p>Support to GoL on co-ordination role</p> <p>Influence GoL to take on effective co-ordination, partic around PSIRP</p>

DFID Programme (Intermediate) Outcomes	Milestones	Related DFID Interventions (Spend & Effort) – through which DFID contributing to outcomes
<p><b>O5. Regional engagement:</b> Lesotho actively and constructively engaged in regional processes and organisations. (Lesotho better able to leverage positive outcomes from SA and regional partners)</p>	<p>5.1 SACU Pool Mechanism Formulae agreed</p> <p>5.2 GoL better able to negotiate LHW 2<sup>nd</sup> phase (04)</p>	<p>Reg Trade Facilitation Prog (assessment of investment climate)</p> <p>LHWC: influence other donors to fund study</p>
<p><b>O6. Food security:</b> Prevalence of hunger reduced (<i>PRS oriented response to crisis</i>)</p> <p><i>Medium term change area: Progress towards MDGs in key PRS priority areas</i></p>	<p>6.1 Agric policy in place</p> <p>6.2 Food security strategy in place by Oct 2004 (04)</p> <p>6.3 GoL DMA to lead on humanitarian coordination</p>	<p>LRAP and support to MoAFS (APCBP)</p> <p>Land reform</p> <p>Linkages with Reg Hunger and Vulnerability Strategy/ programme ... joint work with SACHU</p> <p>Recs of the Emergency Response and recovery Study</p>
<p><b>O7. HIV/AIDS:</b> GoL effectively addressing (PRSP No. 1 challenge ?) of HIV/ AIDS</p> <p><i>Medium term change area: Progress towards MDGs in key cross cutting priority of HIV/AIDS</i></p>	<p>Milestones to be extracted from I-PRSP (01) or a GoL or DFID regional document setting agenda for period 00-04</p>	<p>"HIV/AIDS scaling up the fight"</p> <p>NAC</p> <p>UNAIDS</p> <p>PSCAAL</p>
<p><b>O8. Job creation:</b> Increased employment opportunities (particularly for the poor and women)</p>	<p>Unspecified</p>	<p>ComMARK</p> <p>MDA</p>



## ANNEX K: A CHRONOLOGY OF HIV/AIDS RESPONSES

1986	First case of HIV/AIDS in Lesotho reported.
1987	National AIDS Prevention and Control Programme (NAPCP) established within the Disease Control Unit of the Ministry of Health & Social Welfare.
1992	AIDS committees established.
1994	GoL Medium Term Plan (1994-99) calls for multi-sectoral work in HIV/AIDS activities.
1999	HIV/AIDS policy framework developed. National AIDS Strategic Plan (2000-04) developed – Nov 2000 endorsed by GoL.
2000	National Policy on HIV/AIDS Prevention, Control and Management announced. Adoption of a Health Sector Reform Programme – includes the development of public sector capacity to implement a multi-sectoral approach to addressing HIV/AIDS
2001	Lesotho AIDS Programme Coordinating Committee (LAPCA) established and placed under the Office of the Prime Minister <ul style="list-style-type: none"> <li>• Principal Secretaries Task Force on HIV/AIDS established to advise LAPCA</li> <li>• National AIDS committee established to advise and guide LAPCA and ensure compliance with National AIDS Strategic Plan</li> <li>• All Ministries begin to allocate 2% of their budgets to address HIV/AIDS</li> </ul> Multi-sectoral Task Force established (including NGOs & donors) to facilitate a decentralised, multi-sectoral response - District AIDS Task Forces established in each of the 10 districts (based on AIDS committees established in 1992)
2002	Ministry of Defence starts to operate a HIV/AIDS prevention, care and support systems for all staff.
2003	Assembly HIV/AIDS committee established to ensure that HIV/AIDS is mainstreamed into government and government activities. A sentinel survey is conducted with support from UNAIDS to update information (the first update since the late 90's). (Oct) Cabinet Memorandum 'Scaling up the Fight against HIV and AIDS in Lesotho'. Cabinet decision to establish a National AIDS Commission – Principal Secretaries Task Force on HIV/AIDS mandated to lead the NAC process and as part of this to facilitate a review of the National HIV/AIDS Policy and Strategic Plan. GoL secures \$35m over 3 years from the Global Fund for AIDS, TB and Malaria.
2004	Decentralised district level operations pilots commence in the Ministry of Health. Report on assessment of LAPCA and plan for the establishment of a NAC. Major efforts launched to ensure HIV/AIDS is adequately covered in the PRS and Vision 2020 – combating HIV/AIDS is stated as the overriding priority of the GoL.



## ANNEX L

## LESOTHO COUNTRY PROFILE - MDGs



Lesotho Country Profile				
Click on the indicator to view a definition	1990	1995	2001	2002
<b>1 Eradicate extreme poverty and hunger</b>	<i>2015 target = halve 1990 \$1 a day poverty and malnutrition rates</i>			
Population below \$1 a day (%)	..	36.4	..	..
Poverty gap at \$1 a day (%)	..	19.0	..	..
Percentage share of income or consumption held by poorest 20%	..	1.5	..	..
Prevalence of child malnutrition (% of children under 5)	15.8	21.4	17.8	..
Population below minimum level of dietary energy consumption (%)	27.0	26.0	25.0	..
<b>2 Achieve universal primary education</b>	<i>2015 target = net enrollment to 100</i>			
Net primary enrollment ratio (% of relevant age group)	72.8	70.5	84.4	..
Percentage of cohort reaching grade 5 (%)	70.6	63.1	66.8	..
Youth literacy rate (% ages 15-24)	87.2	89.0	90.5	..
<b>3 Promote gender equality</b>	<i>2005 target = education ratio to 100</i>			
Ratio of girls to boys in primary and secondary education (%)	125.6	117.5	105.0	..
Ratio of young literate females to males (% ages 15-24)	125.8	122.1	119.1	..
Share of women employed in the nonagricultural sector (%)	40.4	..	..	..
Proportion of seats held by women in national parliament (%)	..	5.0	..	..
<b>4 Reduce child mortality</b>	<i>2015 target = reduce 1990 under 5 mortality by two-thirds</i>			
Under 5 mortality rate (per 1,000)	148.0	140.0	133.0	132.0
Infant mortality rate (per 1,000 live births)	102.0	97.0	92.0	91.0
Immunization, measles (% of children under 12 months)	80.0	83.0	70.0	70.0
<b>5 Improve maternal health</b>	<i>2015 target = reduce 1990 maternal mortality by three-fourths</i>			
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	550.0	..
Births attended by skilled health staff (% of total)	..	49.6	59.8	..
<b>6 Combat HIV/AIDS, malaria and other diseases</b>	<i>2015 target = halt, and begin to reverse, AIDS, etc.</i>			
Prevalence of HIV, female (% ages 15-24)	..	..	38.1	..
Contraceptive prevalence rate (% of women ages 15-49)	23.2	..	..	..
Number of children orphaned by HIV/AIDS	..	..	73,000.0	..
Incidence of tuberculosis (per 100,000 people)	..	..	655.0	725.5
Tuberculosis cases detected under DOTS (%)	..	47.0	64.0	60.9
<b>7 Ensure environmental sustainability</b>	<i>2015 target = various (see notes)</i>			
Forest area (% of total land area)	0.5	..	0.5	..
Nationally protected areas (% of total land area)	..	0.3	0.2	0.2
GDP per unit of energy use (PPP \$ per kg oil equivalent)	..	..	..	..
CO2 emissions (metric tons per capita)	..	..	..	..
Access to an improved water source (% of population)	..	..	78.0	..
Access to improved sanitation (% of population)	..	..	49.0	..

Access to secure tenure (% of population)	..	..	..	..
<b>8 Develop a Global Partnership for Development</b>	<i>2015 target = various (see notes)</i>			
Youth unemployment rate (% of total labor force ages 15-24)	..	47.4	..	..
Fixed line and mobile telephones (per 1,000 people)	7.2	8.8	36.3	55.7
Personal computers (per 1,000 people)	..	..	..	..
<b>General indicators</b>				
Population	1.6 million	1.7 million	1.8 million	1.8 million
Gross national income (\$)	1.0 billion	1.3 billion	1.1 billion	972.6 million
GNI per capita (\$)	650.0	800.0	600.0	550.0
Adult literacy rate (% of people ages 15 and over)	78.0	80.9	81.4	..
Total fertility rate (births per woman)	5.1	4.9	4.5	4.3
Life expectancy at birth (years)	57.6	51.3	41.4	37.9
Aid (% of GNI)	13.9	8.6	6.0	8.7
External debt (% of GNI)	38.7	51.8	63.0	72.7
Investment (% of GDP)	49.3	60.1	44.9	40.0
Trade (% of GDP)	125.2	133.4	141.0	157.9

**Source: World Development Indicators database, April 2004**

**Note:** In some cases the data are for earlier or later years than those stated.

**Goal 1 targets:** Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

**Goal 2 target:** Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

**Goal 3 target:** Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.

**Goal 4 target:** Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

**Goal 5 target:** Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

**Goal 6 targets:** Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.

**Goal 7 targets:** Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

**Goal 8 targets:** Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

## ANNEX M

### A BALANCED SCORECARD REPRESENTATION OF PERFORMANCE

The Balanced Scorecard is a management tool designed to provide organisations with a more rounded measure on performance; one that records actions taken and success in delivering (*development*) results for 'shareholders' and success in the other domains of organisational performance (*customer relationships, internal 'business' processes, learning and growth activities*) that impact on the organisations ability to continuously improve its strategic performance and results.

The table below is an adaptation of a Balanced Scorecard framework to the setting of a development agency whose 'business' is achieving the maximum development return from its investment in a country's development process. The assessment relates to the DFID Lesotho operation over the period 2000 – 2004 and aims to provide – for illustration - how some of the evidence gathered through a CPE may be usefully presented to country programme management in a form that provokes debate and action on the areas of 'business' performance the organisation needs to strengthen going forward.

<b>Performance area:</b> <b>Development return for 'shareholders' – are our results meeting expectations?</b>	Overall assessment: ► 'Partial'
<b>Performance measures</b>	<b>Assessment – each measure</b>
International community development partnership achieving a high impact in PSA priority area – tackling HIV/AIDS	Low impact on HIV/AIDS
Significant ('high or 'medium' rating) DFID contribution achieved in over 75% of CP Outcome areas.	Good contribution – 87% (4 High & 3 medium out of 8)
High proportion – over 75% - of Country programme 'Outputs' achieved (rating 'fully' or 'largely') during CP period	Average output delivery – 33% (6 'largely' out of 18)
Increase in VFM rating of project scores over CP period; year 2000/01 and year 2003/04	Increased – from av OPR/AR score of 2.6 to 2.4 ( <i>very small data set</i> )

<b>Performance area:</b> <b>Internal 'business' processes – are we excelling in areas critical for the delivery of 'target' results?</b>	Overall assessment: ► 'Mixed picture'
<b>Performance measures</b>	<b>Assessment – each measure</b>
Clear and strategic focus set and maintained for the CP	Not strongly focused
CP priorities reflected in proportionate allocation of resources (£ & effort)	Generally adequate
Expenditure levels reflecting framework commitment	Significant under-spend
Streamlined, high quality procedures and processes for programme delivery – speed of throughput; concept > design > spend	Some delays

<b>Performance area:</b> <b>Customer perspective – how favourably do our target customers see us?</b>	Overall assessment: ➤ 'sensitive local engagement'
<b>Performance measures</b>	<b>Assessment – each measure</b>
Strengthening of development partnership with GoL – DFID seen as increasingly committed and responsive over the CP period	Strong appreciation
Key multi-laterals (World Bank and EU) increasingly drawing on DFID resources to strengthen planning and delivery of their own country programmes.	Limited engagement
Lesotho's key regional partners in development (RSA) increasingly responsive and engaged.	Limited progress

<b>Performance area:</b> <b>Innovation and learning – can we continue to learn and grow; improving our operation and creating value?</b>	Overall assessment: ➤ 'limited evidence'
<b>Performance measures</b>	<b>Assessment – each measure</b>
Robust and systematic Programme level monitoring feeding reflection and learning within Country Office team.	Limited
Strengthened inter-play between DFID's regional and bilateral programme on development in Lesotho.	Starting to explore
Realising significant efficiencies (for future £ growth of DFID programme) and value added in innovation through harmonised work within donor community.	Still at an embryonic stage

DFID, the Department for International Development: leading the British government's fight against world poverty.

One in five people in the world today, over 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help tackle the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made.

DFID's work forms part of a global promise to

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

Together, these form the United Nations' eight 'Millennium Development Goals', with a 2015 deadline. Each of these Goals has its own, measurable, targets.

DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of nearly £4 billion in 2004. Its headquarters are in London and East Kilbride, near Glasgow.

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