MID-TERM REVIEW OF THE DEEPENING DECENTRALISATION AND NON STATE ACTORS PROGRAMME

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Table of Contents

List of Acronyms and Abbreviations

ACP	Africa-Caribbean-Pacific
AfDB	African Development Bank
AIDS	Acquired Immunodeficiency Syndrome
ARC	Agricultural Resource Centre
CBO	Community based Organisations
CC	Community Councils
CCJP	Catholic Commission for Justice and Peace
CCS	Community Council Secretary
CIDA	Canadian International Development Agency
CSO	Civil Society Organisation
CSP	Community Support Programme
DAC	Development Assistance Committee
DAP	Decentralisation Action Plan
DC	District Councils
DCS	District Council Secretary
DDCC	District Development Coordination Committee
DDNSA	Deepening Decentralisation and Non State Actors Programme
DDNSP	Deepening Decentralisation and Non State Actors Programme
DfID	Department for International Development
DPO	Disabled Peoples' Organisations
DRC	Democratic Republic of Congo
EC	European Commission
EDF	European Development Fund
EU	European Union
EUD	European Union Delegation
FA	Financing agreement
FBO	Faith-based Organisations
FED	Fond Européen de Développement (EDF)
GBS	General Budget Support
GINI	Degree of inequality in the distribution of family income in a country
GiZ	Gesellschaft für Internationale Zusammenarbeit
GoL	Government of Lesotho
GTZ	Gesellschaft für Technische Zusammenarbeit
HIV	Human Immunodeficiency Virus
HoD	Heads of Department
IADB	Inter-American Development Bank
IFMIS	Integrated Financial Management Systems
IMWG	Inter-ministerial working group
INGO	International Non-Governmental Organisation
LA(s)	Local Authority (ies)

LCN	Lesotho council of Non-Governmental Organisations
LNFOD	Lesotho Federation of Organisations of the Disabled
LSL	Lesotho Loti
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
mio	Million
MoA	Ministry of Agriculture
MoLGC	Ministry of Local Government, Chieftainship
MoU	Memorandum of Understanding
MoWYSR	Ministry of Women, Youth, Sports and Recreation
MTR	Mid-Term Review
NGO	Non-governmental organisation.
NIP	National Indicative Programme
NSA	Non-State Actor
NSA-SP	Non-state actors Support Programme
OD	Organisational Development
OECD	Organisation for Economic Cooperation and Development
OO	Overall Objective
OVIs	Objectively Verifiable Indicators
PAF	Project Action Fiche
PAR	Public Administration Reform
PCM	Project Cycle Management
PCM	Project Cycle Management
PEM	Public Expenditure Monitoring
PET	Public Expenditure Tracking
PFM	Public Finance Management
PLWA	People Living with HIV/Aids
PMU	Project Management Unit
PPP	Public Private Partnership
PWD	Persons with Disabilities
RfS	Request for Services
SACU	South African Customs Union
SADC	Southern African Development Community
SIDA	Swedish International Development Agency
SMART	Specific, Measurable, Attainable, Relevant and Time bound
SO	Specific Objectives
TA	Technical Assistance
TA(s)	Traditional Authority (ies)
TAP	Technical and Administrative Provisions
TDRI	Thaba-tseka Development Resource Initiative
ToR	Terms of Reference
ToT	Training of Trainers

UNCDF	United Nations Capital Development Fund
UNDP	Unites Nations Development Programme
UNV	United Nations Volunteers
USAID	United States Agency for International Development
WB	World Bank

1. Executive Summary

1.1 Programme Preparation and Design – Coherence/Complementarity and Relevance

> Relevance links consistently the objectives of the development intervention with beneficiary requirement, country needs, global priorities and EC's and partners' policies. Relevance is measured by the degree to which the programme is justified in relation to the needs of the beneficiaries and the policy environment, analysing if the aid activity is suited to the priorities and policies of the target group, recipient and donor.

To ensure full compliance with Terms of Reference and Development Assistance Committee DAC (OECD) principles for aid effectiveness (coherence, efficiency, efficiency, sustainability and impact) the methodology follows OECD CRITERIA and Development Assistance Committee DAC (OECD) principles for aid effectiveness (coherence, efficiency, efficiency, sustainability and impact).

According to OECD DAC Evaluation criteria, relevance is measured "analysing how the objectives of the development intervention are consistent with the initial requirements, including country development needs, global priorities and partners' and EC's policies. The analysis of relevance specifically refers to the design phase of the program and how the lessons learnt from experiences have been taken into account for sustainability issues in this Programme.[1]

For this purpose, the MTR team analysed:

- Internal and external consistency and coherence of planned activities with national development plans and donor interventions;

- How previous lessons learnt influenced programme formulation;

- Objectives of the DDNSP and extend to which the programme addresses local needs and priorities of beneficiaries;

- Appropriateness of the intervention logic for the expected outcomes.

- Choice of the particular delivery modalities for successful delivery of the programme;

- Appropriateness of the strategic approach.

Relevance of the Programme								
	DDP				NSA-SP			
	Poor	Acceptable	Good	Excellent	Poor	Acceptable	Good	Excellent

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[1] In addressing lessons learnt, one needs to reflect on what was the lesson. In this case what was taken into account and led to the separation de facto of NSA support and Decentralisation policy support was the difficulties inherent to NSA support under decentralised management and the way this lesson was practically acted on through the programme design and formulation. If there was no doubt that the separation lesson was learnt, some options – beside the CA and centralised management could have been explored further (introduction of a non-grant component for instance). The initial separation envisaged in the FA seems to be now compromised with the two programmes being "reunited" within a same governance structure

Relevance of the Programme								
The operation shows a good internal coherence to national decentralisation strategy and national development polices				X				X
Both DDP and NSA-SP are reasonably consistent with EU support National Indicative programme (NIP), even if not a priority area of the NIP.		X					X	
Coherence with other donors			X				X	
Lessons learnt during the formulation phase have been considered by the NSA-SP and the DDP[2]		X					X	
The intervention logic		X				X		
The logical framework	X[3]				X			

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[2] The basis for this rating is based on the following:

To ensure full compliance with Terms of Reference and Development Assistance Committee DAC (OECD) principles for aid effectiveness (coherence, efficiency, efficiency, sustainability and impact) the methodology follows OECD CRITERIA and Development Assistance Committee DAC (OECD) principles for aid effectiveness (coherence, efficiency, efficiency, sustainability and impact).

According to OCDE DAC Evaluation criteria, in TOR:

Relevance is measured "analysing how the objectives of the development intervention are consistent with the initial requirements, including country development needs, global priorities and partners' and EC's policies. The analysis of relevance focused on the following questions, and specifically refers to the design phase of the program:

"The analysis of relevance will review how the lessons learnt from past experiences have been taken into account for sustainability issues in this Program";

In addition: In addressing lessons learnt, one needs to reflect on what was the lesson (in this case, the separation de facto of NSA support and Decentralisation policy support and the difficulty inherent to NSA support under decentralised management) AND the way this lesson was practically acted on through the programme design and formulation: If there is no doubt that the separation lesson was learnt, some options – beside the CA and the centralised management - could have been explored further (non-grant component for instance). Ironically, the initial separation envisaged in the FA seems to be now compromised with the two programmes being "reunited" within a same governance structure.

For methodological guidance, refer to the EuropeAid's Evaluation methodology website http://ec.europa.eu/comm/europeaid/evaluation/intro_pages/methods.htm as well as to ''Aid Delivery Methods', Volume 1 'Project Cycle Management Guidelines (EuropeAid, March 2004) http://ec.europa.eu/comm/europeaid/reports/pcm_guidelines_2004_en.pdf

[3] Logframe identified weaknesses are:

1. None of the indicators have been given baselines which makes measuring of impact difficult
2. Some indicators are too weak to be substantive indicators of achievement ("number of formal request by local NSA to LAs demanding action or information").
3. Most indicators are not impact indicators but process-related outputs and are thus not the most appropriate.
4. The OVIs contained in the logframe were strategically inserted in the guidelines merely for information and none of the applicants reflected on them in their proposals or integrated them in their logframe. Hence, no consolidated impact can be measured based on the existing OVIs. This could have been addressed through a logframe review after the grant were awarded.
5. The activities foreseen under Result 4 could be addressed under the R2 which specifically addresses the collaboration between NSA and the private sector to combat HIV and Aids. In the logical framework methodology, a result area that is not linked to a specific implementation modality (ALAFA direct agreement in

Relevance of the Programme								
The financing modalities are appropriate financing tools to respond to the expected outcomes			X			X		
The participatory approach[4]		X				X		
The risks initially anticipated are taken into account in the logical framework			X			X		
The assumptions made by the formulation team are included in the programme design[5]		X				X		
Overall assessment			X				X	

Relevance*
DDP component - programme design, aims, objectives and delivery modalities are in line with the NDP priorities and the decentralisation objectives to devolve functions and empower citizens - aligned with the EU development policy in particular the focus on poverty reduction, improving the policy enabling environment and financing local development. - the procedures and strategic approach of DDP, combining Grants and capacity building with technical Assistance, have proven to be a relevant toolset that will allow to establish a funding mechanism that will be sustainable on the longer term.
NSA component - the NIP reflects he commitment to develop NSAs' role in improving governance, deepening democracy and playing a more active role in Lesotho's development process as described in the Cotonou Agreement articles 4 and 33. - stakeholders were involved in the design of the programme but from the start the programme focused on the DDP and less on the grant component - the separation of the two programme components has favoured a silo approach and reinforced the "us and them" perception.
Conclusion: Overall, the Programme has a **good** level of relevance

* Explanatory note:

that case) but solely to the contribution of a set of activity is difficult to link to the realisation of an expected result.

[4] As with all ratings of qualitative indicators there is a level of subjectivity in awarding a particular level. In this case a rating of GOOD or EXCELLENT would be obtained when the needs formulated by Civil Society through the NSA involved in the programme had been considered and that the dialogue includes NSA active in particular sectors or regions; this does not mean that all suggestions formulated by NSA must be taken on board as such but they should have been part of the ongoing dialogue when defining the projects; no proof was provided either that the organised labour, private sector and non-profit private sector (professional associations and chambers of commerce) or financial institutions (including MFI) were part of the participatory process. The latter actors should be involved and informed so to prepare the way for a more sustainable approach to local development funding and increase financial capacity; experience from Uganda has shown that it takes quite some time to build confidence of private sector actors and financial institutions to step into local development funding projects.

[5] Identification of a Decentralisation Process Support Programme and a NSA Support Programme , Peter Froslev Christensen and Joss Swennenhuis, Berenschoft Groep BV. December 2009 (61pp)

The governance structures were more strongly designed for the DDP, however, it does not mean that there was no priority given to the NSA part. What has been lagging behind is the coordination within the grantees and between the NSA and DDP; however, efforts have been undertaken from the beginning to redress this, hampered by lack of capacity (not sufficient human resources) within the NSA and more specifically LCN, very involved also in its mediation role in times of political instability.

- The programme design (DDNSA feasibility study) involved the full range of stakeholders, both NSA and Government, and included a full stakeholder's analysis (and a NSA mapping study). Due to the nature of the programme (i.e. a contribution agreement and a centralised management CfP), there was a natural focus on the DDP component as there was de facto people to engage with for the DDP. The engagement with the NSAs for the CfP was limited to the information session and to grantees once grants were awarded. In absence of a non-grant component (i.e. a TAU that could have engaged with the NSA and the EUD, UNDP or the DDP PMU), there was literally no one to formally engage with on the NSA programme from the signature of the FA to the award of the grant contracts. There is no doubt that there has been some informal discussions during this time between the stakeholders but it does not appear recorded in reports or minutes. Furthermore, an in depth-engagement before the grants awards with some of the NSA could have been construed as problematic as EUD, UNDP and others were also part of the evaluation committee and could have compromised neutrality and impartiality of the process.

- The report clearly mentions that the focus on the DDP was not to the detriment of the NSA component and annex 7.3 (consolidated SWOT and all individual grantees SWOT) clearly mentions that the supervisory role of the EUD was unanimously considered appropriate, relevant, timely and strategic. The focus on the DDP is also reflected in the different amounts allocated to each component.

- Governance structure: the amalgamation of the two initially envisaged management structures into one (the DDP's) was reportedly a logical decision. Report (page 75 and 76) clearly indicate role played by EUD even as early as 2014 (referencing email dated 28/2/2014). However, a meta-analysis of the minutes of the PSC clearly indicates that the foci of these meetings are DDP implementation issues and not the NSA component. The PSC is basically a platform for presenting progress reports but it is convened, managed (and agenda set) by DDP. It has however been in some instance more than just a reporting session and in few instances, it has allowed some problem solving by escalating NSA issues to the members of the committee (as mentioned page 75, section coordination). The nature of the NSA representation (1 member for all grantees, through brief written presentation) is not conducive to a full exploration of the implementing issues faced by the 4 grantees.

- The team recognises the capacity issue faced by the NSA sector and LCN at that time and LCN's specific role during the troubles. More specifically, it takes note of the fact that this added function (coordination role amongst grantees and inter-grantees) is outside its contractual obligation with the EUD under its grant contract). Similarly, none of the grantees have contractual obligations to coordinate with the DDP and with one another as it is not included in their contact special conditions.

- Would NSA/DDP coordination been recognised as a high-level priority, it could have been made enforceable through inclusion in the CfP guidelines and then in the special conditions. It could also have been operationalised by resourcing the process adequately from the NSA component of the programme (use of contingency to finance a STE or a FWC, additional personnel with a dedicated coordination mandate for LCN when they took over coordination in 2015, etc.). This was initially envisaged in the TAP of the FA itself (page 24) where it is mention that FWC could be envisaged to support the EUD in its centralised management. Additionally, inter-grantees coordination could also have been added in the CfP guidelines and as a specific condition of the grant contracts.

1.2   Efficiency (and the Value for Money)

Assessment of the extent to which the programme purpose was met in relation to the disbursement of budget and level of expenditure.

> The **cost and time effectiveness** of transforming the means into results. Efficiency measures the outputs – qualitative and quantitative – **in relation to the inputs**. It is an economic term, which is used to assess the extent to which aid uses the least costly resources possible in order to achieve the desired results. Were activities a) **cost-efficient and b) on time**?

The efficiency criterion assesses into what extend the various activities transformed the available resources into the intended results (sometimes referred to as outputs), in terms of quantity, quality and time. The analysis compares the achievements to identified targets.

Outputs	Indicative Activities	Sub-totals	Eligible Expenditure 31/05/2015	Balance	Efficiency Evaluation
1. Improved development funding through local authorities	1.1 Finalise design of local development funding mechanism	250,000	226,200	23,800	**Good**
	1.2. Support adoption of the new system[6]	590,000	247,548	342,452	**Poor**
	1.3. Operationalise the local development funding mechanism	2,100,000	960,596	1,139,404	**Good**
	1.4. Operate the local development funding mechanism	2,060,000	-	2,060,000	**n/a[7]**
Direct costs		4,717,383	1,355,306	3,362,077	
2. Decentralisation and accountability systems at the local level promoted	2.1. Conduct decentralisation assessment and produce inception report	50,000	69,072	-19,072	**Good**
	2.2. Decentralisation model[8]	800,000	627,065	172,935	**Poor***
	2.3 Develop framework for linking up of inter-governmental transfer system and IFMIS for implementation	200,000			Not realised
Direct costs		994,393	650,595	343,798	
3. Capacities of Line Ministries and local authorities enhanced to decentralise functions	3.1 Sensitisation and strengthened administrative systems to facilitate the process of decentralisation	300,000	100,000	200000	Good
	3.2. Facilitate a Human Resource infrastructure, functions and systems to implement the process of decentralisation	250,000	167,085	82,915	Poor

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[6] Note is taken that the process of establishing a sustainable and institutionalised funding mechanism for local development will take more time. MTR however considers that steps need to be taken from the start to aim at constructing a model which will enable the stakeholders to move gradually towards a Fund. For example the Association of Local Authorities or the representatives of the 12 DCs could already now be established as a precursor to the future Management Board of the LG-Fund and develop and try our new decision making mechanisms.

[7] Activities 1.3 and 1.4 relate both to LD grants. The remaining amount of 2.060.000€ is to be used for the second and third launch of LG projects. The rating GOOD relates to 1.3. Rating of 1.4 is therefore not yet possible

[8] Institutional gaps that need to be addressed for the Decentralisation policy to be workable on the long term

Outputs	Indicative Activities	Sub-totals	Eligible Expenditure 31/05/2015	Balance	Efficiency Evaluation
	3.3 Facilitate an enabling leaderships and organisational environment for change	200,000	100,000	100,000	Acceptable**
Direct costs		700,935	349,612.65	351,322	
Total Direct Costs		8,356,636	2,601,042	5,755,594	
TOTAL COSTS		8,880,000	2,760,280	5,916,164	

*Explanatory note: activity 2.2 qualified as *poor*.

Although 80% disbursed are disbursed, the decentralisation model contains serious gaps and issues yet to be addressed. (re. §1.3 Effectiveness). The Decentralisation Policy (including decentralisation model) developed in partnership with GIZ was approved and published. (re. §3.4 Areas of Concern).

The MTR observes that there still exist fundamental conceptual different views within the leadership of the MoLGC about the nature of the decentralisation process, which is generally a mix of devolved and de-concentrated forms of decentralisation. The question how central government representation on the local levels will be ensured so as to make sure that sector standards and sector plans are complied with by the local authorities has not been sufficiently debated and transposed into operational systems and structural reforms from the side of the sectors (line ministries). The lines of authority and accountability are not clearly established, mainly due to the fact the Local Government Act has not yet been revised, and conflicts potentially may arise from differences between political affiliation of local authorities and the government's political composition and from the fact that the Mayors are in no way subordinate to the authority of members of the Government, the line Ministers, but only are subject to Law. From a technical and operational point of view the establishing of a certain degree of planning and budgeting autonomy for Councils is understood differently by stakeholders.

**Explanatory note: activity 3.3. qualified as *acceptable*.

Efficiency measures "The cost and time effectiveness of transforming the means into results". Efficiency measures the outputs – qualitative and quantitative – in relation to the inputs. It is an economic term, which is used to assess the extent to which aid uses the least costly resources possible in order to achieve the desired results. Were activities a) cost-efficient and b) on time? The activity 3.3 "Facilitate an enabling leaderships and organisational environment for change" belongs to Output 3: Capacities of line ministries and local authorities enhanced to decentralize functions. Indicators, include: a) Number of line ministries supported in decentralisation, b) % of functions effectively unpackaged at local level % of staff transferred, c) Number of councils assisted in decentralisation. Consultations with the Department of Information and Communication in MoLGC were initiated in particular on how to revamp the MoLGC Website to be able to share current updates on decentralisation and other related information, newsletter, radio and TV programme. According to the analysis, "sensitisations have been undertaken for Local Authorities and MoLGC, MoF, MoPS, MoH, MoDP, Ministry of Forestry, Ministry of Works and Transport to unpack and decentralize functions and resources". This is a relevant activity, but the relations between resources and progress is poor. Additionally, a "study tour" was undertaken to Uganda and Rwanda, and an "inter-ministerial working team" has been established to map functions and functionaries for devolution. All these activities are highly relevant and effective as they "Facilitate a Human Resource infrastructure" and strengthen the functions and systems to implement the decentralisation process Conduct reorganisation and restructuring exercises in decentralizing ministries, and they "Conduct training events/workshops monitoring and evaluation" but the ratio, between resources spent to the outcomes, is only moderate.

Efficiency – NSA-SP[9]				
Name	**Grant reference**	**EU contribution (€)**	**EU payments**	**disbursement rates**
SAC-L	328-396	1,271,145.99 (41%)	59%	41%
LCN	329-178	1,293,329.34 (42%)	58%	30%
LNFOD	329-117	228,369 (7%)	60%	51%
CCJP	329-300	296,792.04 (10%)	62%	46%
Total (grants)		3,089,636.37	60%	42%
CfP	2012/133-501	€ 3,100,000	€3,089,636.37	100%

Efficiency of DDP and NSA

DDP component

- funding is adequate

- programme is on track to achieve its objectives

- more time will be required to implement the activities in order to achieve the objectives.

- results to date offer value for money, under the condition that indeed the process succeeds within the set timelines!

- the performance based local development funding has improved public finance management, planning, procurement, communication and put focus on the needs of the local population

NSA component

- the total amount of the CfP represents a substantial financial input into the operations of civil society at local level

- partnerships were encouraged by the EU for this specific CfP

- even though at mid-term, the project still focuses on constituency development and capacity building rather than advocacy interventions

- public education, rights education, and awareness raising have been part of the communities mobilising and thus contributed to the creation of a dynamic at local level where it had been non-existent.

Efficiency of DDP and NSA

DDP component: Efficiency and Value for Money is **good**

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[9] As indicated, the table reflects the payments of the EUD to the projects (advance and 1st payments). The actual level of expenditure of grantees against advance and subsequent payments by the EUD is in annex 8.

The format applied to the DDP cannot be used here as the grant contracts have their own logframes with their own result areas. These do not corresponds to the result areas of the NSA programme logframe. Hence, it is impossible to rate, per result areas (of the NSA-SP), the consolidated disbursement or expenditure rates of the grantees as it is impossible to consolidate their four different logframes into one

NSA component: Efficiency and Value for Money is **good**

The project still focuses on constituency development and capacity building rather than advocacy interventions. At mid-term -and after careful analysing the grantees reports produced -and the information provided in the interviews, it is clear that some advocacy interventions have taken place but overwhelmingly, the first 18 months have focused on developing manuals, training, skills developments, constituency building, research, etc. One can adopt a wide definition of advocacy (Is developing an advocacy manual in itself an advocacy intervention or skills development?). The MTR adopts a narrower definition of advocacy defined as a "political process by an individual or a group that aims to influence decisions within political, economic and social systems and institutions". In the case of these four grants, we understand those processes as being for instances the outcomes of public expenditure tracking, social audits, lobbying on by-laws at local level and on national policy frameworks, etc. It differs from process of public education, public participation and/or community mobilisation. This last 18-month phase focused on capacity and constituency was merely the result of a phased approach in which projects implementers- rightfully-strengthened their skills and institutions in order to more competently advocate. This approach is in all instances coherent with the various intervention logics described in their project proposals.

1.3   Effectiveness

Assessment of the extent to which the expected outcomes have been achieved as a result of the programme.

The **effectiveness** measures the level of results achieved by the project. This section: a) analyses the perception of different stakeholders about the success of the project regarding delivery of expected result and b) assesses how institutional procedures changed and whether these changes are related to project intervention.

Effectiveness – DDP				
	Poor	Acceptable	Good	Excellent
Output 1: Improved development funding through local authorities			X	
Output 2: Decentralisation and accountability systems at the local level promoted			X	
Output 3: Capacities of line ministries and local authorities enhanced to decentralise functions	X			

Effectiveness – Progress to date		
Outputs	**Assessment of indicative activities of RRF**	**Progress**
Output 1: Improved development funding through local authorities	1) The design of local development funding (LDF) mechanism has made good	• Technical design with minimum conditions, performance measures, and allocation formulae

	progress	across the districts are **complete.**
	2) The adoption of the new system has made good progress	• Guidelines for conducting the assessment on minimum conditions[10] and performance measures were prepared, published and disseminated.
		• The LDG training handbook for local authorities was prepared, published and disseminated
	3) The operationalisation of the local development funding mechanism	• The first annual assessment of Districts against the minimum conditions was conducted in 2014.
		• LDG Operational Manual for local authorities was prepared, published and disseminated.
	4) Operate the local development funding	• The first LDG and CBG were disbursed before March 2015.
Output 2: Decentralisation and accountability systems at the local level promoted (i) Existence of new principles/model for decentralisation developed and piloted (ii) Adoption of formula-based system of inter-governmental transfers; Integrated financial management Information System (IFMIS) linking the central financial operations and the district councils through the district sub-accountancies	1) Decentralisation assessment and inception report has been successfully completed 2) Decentralisation model: • Design of the decentralisation model **and system is still under construction.**[11] • Development of a solid programme of assistance to councils to **decentralise is still slow**[12] • Rollout of decentralisation is **slow.** 3) Development of framework for linking up of inter-governmental transfer system and IFMIS for implementation.	• A diagnostic assessment of the status of Decentralisation (institutional and fiscal) was conducted. • The proposed principles, such as a system of providing incentives and rewards, allocation formula are being piloted. • The quality of service delivery survey is realised. The final report is published. • The Decentralisation Policy (including decentralisation model) developed in partnership with GIZ was approved and published. • Decentralisation Policy Implementation Strategy and Action Plan were drafted but still need to be approved. • The Legal review of the Local Government Act is in Progress but slow. • IFMIS framework analysis has <u>not</u> been conducted.
Output 3: Capacities of line ministries and local authorities enhanced to decentralise	**1) Sensitisation and strengthened administrative systems to facilitate the**	• Consultations with the Department of Information and Communication in MoLGC were initiated in particular on how to revamp the MoLGC website to be able to share current updates on

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[10] refer to Annex 11 with conclusions and recommendations about the implications of the Decentralisation tools, such as the equalising factor

[11] The decentralisation policy does not have clear goals and targets. No specific requirement for financial transfers from central to local levels have been set either. The institutional gaps referred to above need to be solved before putting into place the new decentralised district administrations (re. Observations made by the Director General Local Government Services MoLGC)

[12] It is well understood that decentralisation is "work in progress". There is however, an urgent need to formalise the "unpacking" of functions in order to have a clear view on which function and which services will be performed and delivered at DC and respectively at CC levels. MoLGC has announced that the unpacking of functions will be finalised end SEP2015. MTR proposes an alternative time schedule if the current deadlines are not proven to be realistic.

functions Indicators (i) Number of line ministries supported in decentralisation (ii) % of functions effectively unpackaged at local level (iii) % of staff transferred (iv) Number of councils assisted in decentralisation	**process of decentralisation** • Design & develop a communications strategy • Consult, involve and communicate with all key stakeholders • Develop and implement an agenda for change, implementation framework and monitoring arrangements • Conduct stakeholder workshops, training events, • Conduct a work programme for the interdepartmental decentralisation working group **2) Facilitate a Human Resource infrastructure, functions and systems to implement the decentralisation process** • Conduct reorganisation and restructuring exercises in decentralising ministries • Map functions and business processes • Support/facilitate the transfer of staff to councils; induction and capacity	decentralisation and other related information, newsletter, radio and TV programme. • Awareness raising was conducted for Local Authorities and MoLGC, MoF, MoPS, MoH, MoDP, Ministry of Forestry, Ministry of Works and Transport to unpack and decentralise functions and resources. • A study tour was organised to Uganda and Rwanda to learn from the two countries how they were able to separate functions and resources at the centre and decentralise. The administrations of Rwanda and Uganda are now regularly exchanging experience with the MoLGC. • An inter-ministerial working team has been established to map functions and identify positions and functionaries for devolution. A joint meeting with ministers from the six pilot ministries was held and each ministry identified functions to be devolved.

Effectiveness – NSA-SP				
	Poor	**Acceptable**	**Good**	**Excellent**
Result 1: Enhanced organisational and institutional capacity of local NSAs to shape the local development agenda and making community and district more accountable			X	
Result 2: Increased collaboration between NSAs, councils and private sector in delivering social services, combating HIV/Aids and implementing local economic development	X			
Result 3: Increased capacity of national level NSAs to deliver services to and advocate on behalf			x	

of their rural constituents				
Result 4*: Improved health services for the vulnerable workforce in the apparel industry[13]	X[14]			
Overall assessment		X		

Effectiveness of DDP and NSA-SP
DDP component: Effectiveness is **good**
NSA component: Effectiveness is **acceptable**.
This conclusion is derived from the assessment of each grant contract and a consolidated appraisal as presented in annex 2 in the form of five separate SWOT analyses. Although the effectiveness of each grant may rank as good (according to their own result areas of their specific logframes), the consolidated rating, in view of the result areas of the NSA-SP financing agreement, is merely acceptable as each grant contract targets result areas in a different way (Good for result 1 and 3, Poor for result 2 and 4).

1.4   Impact

Impact is defined by intended and unintended changes initiated by the programme intervention. These can be positive or negative, primary or secondary, and direct or indirect long-term effects produced by the development interventions. Impact is generally measured through the correlation between the Programme's specific and overall objectives

It is still early in the Programme implementation scheme to expect any impact on wider economic development goals.

Assessing the impact of development aid on economic development has proven difficult. The most direct measure of aid's impact, Programme-level assessment, is subject to a fungibility critique[15].

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[13] This result is targeting ALAFA only. Considering the logical framework analysis methodology and the interventions undertaken under the ALAFA project, there should not be have been a separate result for ALAFA as the ALAFA activities could be undertaken under result 2. Result 2 is dedicated to HIV/Aids prevention and impact mitigation in conjunction with (amongst others) the private sector which is exactly what ALAFA is about. Independently of the modalities retained for its implementation (a Direct Agreement) which has no bearing on the result definition, ALAFA activities should not have constituted a separate result. This opportunistic addition of a result dedicated to ALAFA not only demonstrate an ignorance of the LFA approach but also somehow compromises the internal logic and coherence of the NSA-SP logframe

[14] The MTR could not gather information that confirms enforced PMTCT or the take-over of the health services by the factories at their own cost. Interviews confirmed that only two (2) factories, the two largest ones, have. Nowadays workers are dependent on public health services where waiting times and opening hours are such that workers cannot combine treatment plans and direct follow up of their medical conditions with their intensive work schedule and the time spent on commuting to and from the factory. Workers are living at some distance of the factories and one has to take into account the fact that security poses of problem for moving around before down and after dusk. As such, the conclusion is that health services have not improved. The availability of ARV is 100% dependent from external financing. There have been periods when for example condoms were not available. MTR concluded that only for the duration of the programme the health service was provided in a satisfactory manner but now workers rely on the existing public health systems, in most cases outside the factories. Further and more detailed investigations should be made to establish the situation that will prevail after the BWL project will have ended (end 2015) and when the MoH will take over the AIDS prevention and treatment system

Impact		Poor	Acceptable	Good	Excellent
DDP	The impact on poverty reduction		Too early to be rated		
NSA-SP	Impact at programme component level		Too early to be rated		
	Impact at individual grant component level			X	
FA (DDNSP)	Consolidated		Too early to be rated		

Impact of DDP and NSA

DDP component

- not focused on the essentials of the decentralisation as defined under the FA and CA – part DDP which arePFM and the business processes of decentralised services

- impact on poverty reduction is difficult to measure at this stage

- impact on District Council level is very limited at this stage in terms of impact on the functioning of the DC, on the PFM at DC level, on the capacity to develop sustainable LED inspired projects, etc.

- at this point difficult to measure direct impact on poor community councils

NSA component

- Some components of the NSA-SP are directly impacting on poverty reduction

- The NSA-SP overall objective was solely to "complement the support provided by the DDP to Local Government". In that specific regard the impact is poor.

Conclusion: Impact as it relates to the general objective of poverty reduction is difficult to assess at this stage except for some aspects of the grants component directly aimed at poverty alleviation.

The DDP component is not sufficiently focused on the essentials of the decentralisation as defined under the FA and CA – part DDP, which are strengthening of PFM at the local level and the development of local service delivery, which implies that business processes, and procedures of decentralised services are developed and adopted. This report dedicates an important part of the analysis and of recommendations to explain that MTR recommends refocusing the activities on the essentials of decentralisation as stated in the FA and CA. There are indeed a large number of "side-activities" such as training or purchase of equipment that responds indeed to a specific need at the level of a particular DC, LDG projects that are indeed responding to a particular need of a population but which are not leading to or being precursors for a decentralised management of local development. Only 15% of capacity building resources has been dedicated to PMF related training.

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[15] Singer, Hans. W. 1965. "External aid: For plans or Programmes?" *The Economic Journal* 75:539- 545.

1.5   Overall Quality and Sustainability

The **sustainability criterion** relates to the feasibility of future and potential positive outcomes produced by the Programme intervention and the stream of forthcoming paybacks after Programme completion. This measurement includes the likeliness of future benefits to continue after external EU funding ends, such as policy dialogue, coordination, capacity building.

The evaluation team analysed the following dimensions of the **prospects for sustainability of the Programme**.

Overall Quality and Sustainability		Poor	Acceptable	Good	Excellent
DDP	Sustainability of Local Grants		X		
	Sustainability of the DDP Actions on decentralisation (Government)[16]	X			
NSA-SP	Sustainability at programme component level	X			
	Sustainability at individual grant component level		X		
	Sustainability at programme component level	X[17]			
ALAFA	Financial sustainability	X			
	Organisational sustainability				n/a
	Institutional sustainability		X		
	Quality of the programme's intervention			X	

Overall Quality and Sustainability
DDP component - Technical expertise provided by all donors involved contributed to a high quality of strategic documents (LDG guidelines and manual, Decentralisation Policy, Assessment Reports, etc.). - Proof of transfer of knowledge is being reported upon in Annual Progress Reports. Materials are posted on the websites and reports and published and disseminated - Government ownership[18] of the activities under implementation is still weak. The Quality and Sustainability will

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[16] Sustainability at the time of the MTR cannot be proven. Only when the deadlines announced by MoLGC and when indeed the national budget provides for a substantial shift of financial means to the DC level, will it be possible to confirm a sustainable result. For now decentralisation remains a "declaration of good intentions" which has not been translated into hard facts.

[17] Sustainability is usually not assessed definitively at MTR stage but only at the stage of summative evaluation. Here, we only present an indication of potential sustainability. In conjunction with the Specific Comment 83 above (which responds more comprehensively than requested, looking not only at institutional sustainability but also at the other 2 components), the inference is clear to us that the potential for long-term sustainability is poor. However, it is the nature itself of the activities undertaken that are the reason of for low sustainability as advocacy and related interventions are rarely sustainable in any socio-economic contexts. The fact that such structures as DDCC – the focus for NSA/LA interactions at local level - have been dysfunctional for a decade only exacerbates the problem.

improve substantially with a) an increase of the real commitment of Government Public Expenditures in the reform process, which has not improved in Lesotho in the Decentralization sector, or b) a real reallocation and transferring of funds (still in the process), and / or c) a re-assignment of human resources (still in the process), capacity building and training programs to government officials at the national and local level. The MTR concludes that ownership, as measured by proposed definition, is still weak.

- decentralisation actions under implementation will only be sustainable if the relevant decentralisation Policy and Strategy under implementation is fully absorbed in the national public investment plan with a public expenditure programme supporting the actions in the medium term

- Absorption capacity of new management systems related to PFM, Internal Audit and Public Procurement are weak because of the lack of a sufficient number of qualified HR[19].Institutional framework at the central level (the MoLGC and MoF) show very weak coordination mechanism for institutional guidance of the reform process to ensure a smooth implementation in the long run.

NSA component

- Programme sustainability is weak

- Institutional sustainability could be secured through participation of CSO representatives (at HoD or councils' committee meetings)

- Policy level sustainability is doubtful[20]

ALAFA

- Financial sustainability is poor (no follow up programmes being funded, factories not keen to take over financial costs – except a number of larger companies)

- Organisational sustainability is cannot be assessed because ALAFA does not exist anymore

- Institutional sustainability may be considered acceptable because the MoH is committed to take over some of the activities of ALAFA; MTR would prefer to see proof of this commitment in terms of budget allocations

- The technical quality of the activities realised was high if not very high; the programme certainly achieved its targets in terms of factory workers trained, peer groups established, nurses and doctors involved, infected patients receiving treatment, expecting mothers counselled, caesarean interventions leading to 95% of new born from infected mothers, not being infected, etc.

- The **major critical point** MTR raised is the lack of solid data which indeed would allow the methods applied to

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[18] According to "Aid and the Political Economy of Policy Change" (Tony Killick), government ownership can be defined by a) The intellectual conviction of key policy makers (technocratic dimensions) and b) the demonstrated support of top leadership (political dimension). The latter can only be proven by real government financial commitment of Public Expenditures in the reform process, which has not improved in recent years in Lesotho for this sector. Additionally, the real volume and reallocation and transferring of funds to the LG has not changed, the re-assignment of human resources is still only a commitment, and specific capacity building and training programs to government officials for decentralisation have so far not been planned with government resources. Therefor MTR concludes that ownership is still weak

[19] The observation made by MTR relates to the absorption capacity of new management systems and particularly those related to PFM, Internal Audit and Public Procurement, mainly because of the limited number of staff dedicated to these areas.

[20] Sustainability was assessed keeping in mind its financial, organisational and institutional components. Given the scarcity of financial resources for NSAs in the country and the nature of the work undertaken (advocacy, constituency building which attracts considerably less resources than service delivery by NSA), the financial sustainability of the actions undertaken is highly doubtful. Key elements of each programmes were sampled (Radio station, Community parliament, CCJP- PIC, etc) and were assessed in terms of all aspect of sustainability and financial sustainability was always a critical issue. Institutional sustainability is also poor considering that Lesotho does not have an overall framework for engaging with NSAs as recorded at the MTR debriefing and the existing mechanism at local level for engaging with NSAs (namely the DDCC) has been dysfunctional since its inception. Organisational sustainability offers the only possibility for some optimism as capacity has been built across the CC through groups, CBOs and DPOs. However, as noted in the SCIL (CCJP) reports 1 and 2 (prior to the current iteration, SCIL3 funded under this CfP), the LGNSP final evaluation and in the NSA mapping conducted ahead of this programme, optimism is mitigated by the fact that organisational capacity of civil society organisations in Lesotho is particularly affected and compromised by high staff turnover, job-hopping, impact of HIV aids and migration, compounded by lack of resources - Specific Comment 83

be scrutinised on their effectiveness; the epidemic situation in Lesotho is such that urgent measures need to be considered and that methodologies need to be challenged in the face of the growing number of infections. ALAFA could have been a perfect environment to make this critical analysis because the baseline situation of number of infected workers had been established when over 95% of the workers were tested on HIV. From that point onwards it would have been good to observe which methods are effective, in which social environments or region the new infection rate is reducing or being stable or increasing, etc.

Conclusion

Sustainability is poor **at this stage**

1.6 Community Value Added

The extent to which the project/programme adds benefits to what would have resulted from Member States' interventions in the same context.

Community Value Added

DDP component

The added value of the European Community (EU) compared to similar intervention by EU Member States is not assessed because the project is implemented by UNDP under a Contribution Agreement The implementing partner is MoLGC. The LDG is implemented by the local authorities and community members are involved – in terms of selection of projects, implementation, management, provision of locally available materials etc.

NSA component According to stake holders interviewed, EU Member States funding is considered easier to access and easier to be managed than grants under PRAG rules[21]

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[21] The MTR found that all grantees, applicants, co-applicants and affiliates have reflected on their perception that grant management under PRAG rules and accessing fund from the EDF was more difficult in their experience than accessing funds from other member states (especially Irish aid, mentioned a few times). Co-financing regulations were also specifically mentioned. Grants allocated by member-states absent from Lesotho but funded via different channels (including INGO and intermediaries) are considered easier to account for (was mentioned: DFID, SIDA, NORAD, Comic Relief UK, German INGOs and others). Of course, this does not talk to the difference in the conditions of the grants (size, duration and type of grants). Other non-member states agencies were also discussed either as to be easier (African Capacity Building Development Fund) or as evenly complex (Global Fund) than the EDF funds.

2. Recommendations

2.1 DDP component

1. Revise Logframe matrices for both the DDP and NSA-SP components

2. Re-formulate OVIs for both matrices

3. Amend the Contribution Agreement to reflect the proposed extended duration of the programme and budgetary adjustments

4. Formulate a Performance Assessment Framework[22]. MoLGC has an on-going activity of developing a M&E system. A PAF is widely used tool for M&E. The PAF needs to be a key element in the implementation of the decentralisation strategy. It has the following objectives:

   - Promote continuous performance improvement through organisational review, learning and informed decision-making.
   - Enhance accountability to stakeholders, including beneficiaries, partners and resource contributors.
   - Ensure strategic relevance and coherence of activities to meet the aspirations expressed in the decentralisation strategy.
   - Ensure that performance assessment is harmonised and consistent with international practices.

5. Focus on PFM and Business processes of 7+1 decentralised line ministries

6. LDG project related to functions of 7+1 decentralised line ministries[23]

7. Ensure Citizens and Civil Society participation in the decentralisation process within the DDP implementation framework above and beyond existing NSA grants under the NSA-SP. NSA participation (and not only grantees' participation) should be mainstreamed within the activities of the DDP especially at local level. NSA representatives should be invited to take part in all processes with local authorities. DDP should encourage to maintain and update a comprehensive consolidated district-level database of NSAs (for instance at the DPU office). In addition to citizen ad hoc participation to DDP activities, DDP should encourage the implementation of the formal arrangements and mechanism at local level to encourage citizen participation (DDCC) which have been dysfunctional for a decade. Lastly, the DDP should insist on the highest level of transparency and easiest access to administrative information from local councils on matters not only of the DDP and LDG but also on all other administrative decision pertaining to local governance (budgets, minutes, plans, etc.). This could be done through developing national guidelines on access to information for instance. Transparency of local government is a critical issue towards the realisation of an open local democracy. It goes beyond "making information available" but it requires local authorities to be pro-active and active and actively support processes of engagement with NSAs and outreach to citizens and communities.

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[22] The MoLGC has an on-going activity of developing a M&E system. A PAF is widely used tool for M&E. The PAF needs to be a key element in the implementation of the decentralisation strategy. It has the following objectives:
   - Promote continuous performance improvement through organisational review, learning and informed decision-making.
   - Enhance accountability to stakeholders, including beneficiaries, partners and resource contributors.
   - Ensure strategic relevance and coherence of activities to meet the aspirations expressed in the decentralisation strategy.
   - Ensure that performance assessment is harmonised and consistent with international practices.

[23] MTR proposes to refocus and not to "put councils in a box" but advises that councils work on particular areas of concentration in accordance with FA and CA focal areas

8. Strengthen Programme Support Unit to be embedded in MoLGC, which also need to play a more active and strategic role with regard to NSA-SP component.

The second phase of the programme should focus on <u>consolidating the results</u> that were achieved under the first phase.

Cost neutral extension

The MTR proposes a cost neutral extension of the current DDP for a period of 12 months (until end 2017).

Conditionality

The extension of the period of implementation needs to be <u>conditioned</u> by a series of measures to refocus DDP on its core objectives and <u>related to milestones</u> to be achieved by the GoL as announced during the current budget cycle 2015-2016 and implemented for 2016-2017:

Measure 1: Decentralisation of service delivery by 7+1 pilot ministries

1. <u>Before end of 2015</u>

   a. Functions of 7+1 line ministries unpacked (SEP15)

   b. New organisational structure of DC and postings gazetted in line with the National Strategy for Decentralisation (NOV15)

   c. Draft National budget 2016-2017 (submitted by pilot ministries) reflecting the transfer of funds for all costs related to devolved services of the 7+1 pilot ministries

<u>When not achieved</u>: no amendment of CA for extension of period of implementation

2. <u>Before April 2016</u>

   d. PFM systems in place at DC levels to manage the transferred budget (salaries, recurrent costs, capital)[24]

   e. Financial managers and accountants, internal auditors and procurement officers posted

   f. PFM offices (including accounting, audit and procurement) retooled (furniture, IT, software, Internet connection)

   g. CB training programme realised

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[24] The minimum requirements to ensure a working PFM system at the municipal level in Lesotho needs to be clearly stated and defined. The Municipal financial management minimum requirements for the District Councils are substantially different to the requirements for the Community councils and today there is still not a clear target as to how to improve and measure the improvement of municipal financial management capacity. The DDP should set a clear goal, target, a minimum baseline of municipal financial management capacity for the next year. Since there is no verifiable goal or target (indicator and threshold) to be achieved, a PFM System in place seems unrealistic today. The action plan will become more realistic when the DDP sets a minimum and common standard for all the actions to avoid ambiguity.

h. Business processes regulated, i.e. formally signed by the three major stakeholders for each pilot sector: MoLGC, Line Ministry and DC; secondary legislation level - legal form to be determined such as MoLGC ministerial Decree co-signed by line Ministry and all DC mayors[25]

<u>When not achieved</u>: DDP comes to its end on May 1 2016[26].

The above deadlines were formulated according to the timing of reforms provided by the MoLGC. Several observers and stakeholders considered this timing to be too sharp and too restrictive, not realistic.[27]

The deadlines of the MoLGC were taken on board by MTR because the MoLGC showed strong commitment to these deadlines and assured that the other 7+1 ministries involved in the "first wave" of decentralisation of services to the local level were in line with these deadlines.

The May 1 2016 deadline corresponds to the Fiscal Year cycle in Lesotho. Indeed, the <u>consolidation of a transfer of functions from the central to the local level can only and exclusively be measured in terms of allocation of financial resources to the DC budgets</u> who would ultimately have to pay salaries and ensure capital spending.

An **alternative** time plan could be that the entire process is being delayed and that the new budgetary deadline is shifted by one (1) year to the next fiscal year. However, a delay for an entire fiscal year would mean that the DDP would need to establish a different set of timelines and indicators that would allow for measuring real progress made by the government in implementing the decentralisation strategy.

MTR proposes that a high-level coordination meeting at ministerial level with head of EUD and EUD head of cooperation and UNDP RR is organised between the major stakeholders involved (EU, UNDP from the side of the international community and MoLGC, MoF, MoDP, and all DC Permanent Secretaries) to establish a detailed calendar and road map towards which the government will be accountable. It is not the role of a MTR to establish unilaterally new deadlines or performance indicators, the latter being defined in the FA and CA and the former having been set by the MoLGC.

By setting deadlines towards formal indicators, MTR wishes to indicate that there is a need to see results "on the ground" and that the government as a whole needs to show with "facts and figures" that it is fully committed to implement the decentralisation strategy.

Indicatively an alternative time plan could be designed as follows (option 2):

1. <u>Before end of April 2016 (start of new fiscal year)</u>

    a. Functions of 7+1 line ministries unpacked (DEC15)

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[25] Specific Comment 92 stating that this requirement is not within the project's reach is correct. It is not up to DDP to guarantee that the organisational structures are set up in accordance to the provisions of the National Decentralisation Policy. DDP can support with technical assistance the formulation and regulation of business processes to be implemented in the newly established District Council administrations. The implementation of these draft regulations will show whether or not Central and Local Authorities are committed to the process of Decentralisation.

[26] TA contracts to be amended to include end date 30 April 2016

[27] The deadlines "option 1" related to the recommendations are the deadlines of the MoLGC and were firmly reconfirmed during the debriefing meeting by the Director of Decentralisation where EUD and UNDP were present – this and other proof confirms that those deadlines were given by the ministry leadership. If there has been subsequently (during July) a change or disagreement between EUD and the ministry, then this should be discussed at another level but not decided by the MTR which is supposed to provide an independent assessment "to the best of its capacity".

b. New organisational structure of DC and postings gazetted in line with the National Strategy for Decentralisation (APR16)

<u>When not achieved</u>: no amendment of CA for extension of period of implementation

2. <u>Before December 2016 (when ministries submit their budget proposals for the next fiscal year)</u>

c. PFM systems in place at DC levels to manage the transferred budget (salaries, recurrent costs, capital)

d. Financial managers and accountants, internal auditors and procurement officers posted

e. PFM offices (including accounting, audit and procurement) retooled (furniture, IT, software, Internet connection)

f. CB training programme realised

g. Business processes regulated, i.e. formally signed by the three major stakeholders for each pilot sector: MoLGC, Line Ministry and DC; secondary legislation level - legal form to be determined such as MoLGC ministerial Decree co-signed by line Ministry and all DC mayors

h. Draft National budget 2017-2018 (submitted by pilot ministries) reflecting the transfer of funds for all costs related to devolved services of the 7+1 pilot ministries

<u>When not achieved</u>: DDP comes to its end in December 2016 (as initially planned), which means the programme will not be extended.

Measure 2: LDG CB Grant (to be granted to all DC + Maseru)

▪ Exclusively for delivering activities related to building the capacity of councils to take on the devolved functions (business processes) and management of resources (PFM – Internal audit – Procurement)

Measure 3: LDG Retooling Fund (to be granted to all DC + Maseru)

▪ Exclusively for the purpose of PFM-Internal Audit-Procurement operations

Measure 4: LDG Grant management

▪ LDG fund management and reporting integrated within the overall DC Capital budget management (keeping the possibility to disaggregate accounts to have a clear view on the use of DDP funding)

▪ Second cycle of LDG not to be launched before receiving consolidated and final audits of LDG phase 1

▪ Second cycle of LDG to be postponed until January 2016 after positive assessment of achievement of Measure 1.1 – before end 2015 (unpacked functions described – organisational structure and job positions gazetted – National Budget 2016-2017 reflecting transfer of services of 7+1 pilot ministries submitted to Parliament)[28]

Measure 5: Programme Management

▪ Strengthening of the DDP programme management team (recruitment of two additional programme managers – one specialised in business processes and organisational development and one specialised in PFM)

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[28] Refer to alternative time schedule with deadlines postponed for one year

- Positioning one UNV in each DC for the total extended duration of DDP (until end 2017)

- Programme Support Unit established and equipped within the MoLGC (office for 4 people within the MoLGC – minimum 4 x 10m²)

- Appointment as DDP PSU leader of the current UNCDF Technical Specialist ("one captain on the boat"). The rationale is that the programme will benefit from a unique leadership, a unique point of entry and a unique management responsibility. Advising the UNCDF expert to be in the lead (for a particular period of time) while the UNDP coordinator could take over responsibility from January 2016 is guided by the fact the UNDP coordinator is new in the job and needs some more time to get fully acquainted. This scheme is also coherent with the latest nomination of the UNCDP Technical Expert to the position of regional coordinator for UNCDF.

Measure 6: Citizens and Civil Society participation in the decentralisation process

- DPP to assist in setting up a resource hub of council-disaggregated Public Information related to development action plans, budget (recurrent and capital investments), tender documents, LDG information (i.e. awards, progress reports, etc.), minutes of council meeting for CSOs and potential service providers

- UNCDF to include in LDG conditions oversight by local interest groups to ensure accountability and transparency

DDP to follow up on National and local Service Delivery Survey for Lesotho by undertaking in conjunction with civil society, a mapping of service delivery points at CC and village level combined with qualitative assessment of the service provided based a simple standard report card.

Budget revision

Budget revision without revising the budget allocated to LDG projects; the total amount available to (date for LDG projects is approximately €3,200,000 (€1,139,404 + €2,060,000) to:

a. strengthen the Programme Support Unit with the recruitment of 2 technical specialists and positioning of 1 UNV in each DC (11) for the entire programme period)

b. focus all CB (DDP and LDG!) and retooling (LDG) grants solely on **PFM and Business Process Development**

c. equip the Programme Support Unit positioned within the MoLGC

d. refocus all CB funding from LDG and partly from other DDP budget lines on PFM capacity building and focus on systems development and standardisation of business processes of the 7+1 pilot sectors[29]

e. ensure Citizens and Civil Society participation in the decentralisation process.[30]

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[29] The programme should commit to goals and objectives and focus its actions to lead to efficient public sector service delivery and stay close to the objectives of the FA and CA which focus on PFM systems on the local level and business processes of decentralised services.

[30] See point 7 on page 17. Additionally, social accountability interventions should be encourage to link up the improvement of local governance to the improvement of service delivery at local level. These processes typically include the intermediation of civil society. They can include service site testing, score cards reports, shadow reports on service delivery, social audits, and public expenditure tracking exercises at local level.

Lastly, clarifying roles , responsibilities, mandates (esp. schedules 1 and 2) and reporting lines of the different structures (decentralised and deconcentrated) will go a long way in ensuring less ambiguity in the demarcation of functions – which also results in overlaps- and less confusion for the citizens and better coordination overall.

Estimates for budget reallocation (extension of implementation period + PSU + BP)

Available (31 May 2015)		
	1.1	290,000
	2.2	20,000
	2.3	200,000
	3.1	186,916
	3.2	82,915
	3.3	93,458
	4.1+4.2	1,698,397
Total		**2,571,686**

Budget revision	
UNCF/TS+UNDP/PM+UNV 18m+12m * 1.1 (+10%)	1,002,337
PM1 + PM2 (2*2000€*28m)	112,000
PSU installation (4*5000€)	20,000
PFM CB + RT (10DC+Maseru * 50,000€+15,000€)	715,000
Business Processes CB (10DC+Maseru*55,000€)	605,000
NSA participation in the decentralisation process	50,000
Audit - M&E	50,000
Total	**2,554,337**

Balance	**17,350**

UNDP support

- UNDP should provide operational support to the PSU for example by means of providing one car (plus driver, fuel, maintenance and insurance) for the total extended duration of the DDP to be funded from its own resources, i.e. from the 7% overhead charged on the DDP budget.

- UNDP to continue to support the DDP financial management by access to ATLAS.

- UNDP Governance Section to continue providing senior advice and maintain strong and close communication with the highest levels of Government and with the Parliament.

- UNDP to continue to promote its good and strong cooperation with the EU.

Budget reallocations

The following actions to be maintained as budgeted: review of conditions (1.1) – review of legislation (2.2), including 1997 Law (2.2) – 50% communication strategy (3.1)

The following actions not to be maintained under the current programme: 90% of facilitation and capacitation (1.2) review of local election act (2.2) – support to the local government association (3.1) – 50% of communication strategy (3.1)

2.2   PFM

Short term and Medium term:

1. Focus on creating **PFM management capacities** at SNL in 7 critical dimensions:

    a)   Budgeting

    b)   Accounting

    c)   Auditing

    d)   Cash Management

    e)   Management of information M&E

    f)   Revenue Generation

    g)   Public financial Reporting

The same package of tools and retooling equipment needs to be developed and purchased for all District Council administrations and Maseru City Council: software package, computers, connectivity, PFM, budgeting, accounting, reporting, internal auditing, procurement, operational guidelines, etc.

2. Formulate and implement a comprehensive Capacity Development Program on the basics of Public Financial Management at the Sub-National Level in District Councils covering: budgeting, accounting, procurement, reporting, internal auditing.

3. Build solid grounds now for the future: ensuring integrating IFMIS in 2017 and taking into account on-going PFM reforms

4. M&E mechanism to be developed for consolidated intergovernmental financial transfers

2.3   NSA component

Short term

1. Coordination mechanism needs to be reviewed and enhanced especially in view of LDG roll out.

2. M&E focused intervention to allow for integration of grantees' impact into the overall programme impact assessment (realignment of NSA-SP logframe, design and implementation of an integrated monitoring framework) through external TA

Medium term

3. EUD needs to start preparing a follow-up NSA-SP now to ensure capitalisation of current achievements, avoid a funding gap and to include a non-grant component. The future NSA funding should focus on a stronger conceptual model (i.e. social accountability or citizenship approach) to ensure a shared common understanding both locally and internationally.

3. Rationale

3.1 Comments on the ToR

Objective

The overall objective of the assignment was to conduct a Mid-Term Review (MTR) in order to assess the overall progress of the Deepening Decentralisation and Non State Actors Programme (DDNSA) to date against the anticipated results in the Contribution Agreement with UNDP n° FED/2012/283-774 - Financing Agreement n° LS.FED/21-445 / and its Logical Framework, dated September 24 2012 and formally agreed upon and signed by the UNDP Resident Coordinator/Resident Representative and the Ambassador/Head of Delegation of the EU, the 4 Grant Contracts and the specific contract with ALAFA which will be treated separately.

Key Issues Relating to Objectives and Results

The Specific Objective was to assess how the expected results of the project have been achieved to date and draw lessons for the remaining period of implementation. No further support to decentralisation is foreseen under the 11th EDF[31]. The MTR is to be informed by standard EC evaluation methodology on Relevance, Efficiency, Effectiveness, Impact and Sustainability.

This MTR is to critically assess and pay particular attention to the following key issues:

How does the relationship between the various beneficiary institutions as part of the larger sector contribute to project implementation and how can lessons learnt be used for the remainder of the programme? Does the current selection of beneficiary institutions make sense, should it be broadened or narrowed in future interventions?

Issues raised at the EUD Briefing Meeting

A brief overview of the possible broad options going beyond the current programme was presented, taking into account progress made so far and progress expected in the medium term. Preparations for the implementation of the Lesotho National Indicative Programme (NIP) for the 11th EDF which are in their early stages were taken into account.

The assignment included in-country missions, production of an Inception Report, an Aide-Memoire and a Draft Final Report (DFR); following comments by stakeholders within two weeks of delivering this DFR, a Final Report (FR) will be produced.

The formal briefing meeting (26/5/15) took place at the EUD with the EUD Head of Cooperation and the EUD Task Manager Governance the day after the arrival of the mission (Team Leader arrived in Lesotho on 25/5/15) after having received an introductory briefing (25/5/15) by the EUD Task Manager on the day of arrival.

After having expressed satisfaction with the preliminary methodology for implementation of the mission as proposed in the bid, EUD Head of Cooperation has requested that the proposed questionnaire includes also more specifically reference to the question of the involvement of

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[31] Although support to decentralisation is not specifically referred to under the 11th EDF support of the EU, the NIP states that "priority shall be given to strengthening Government's capacities for delivering key services effectively and efficiently" – under Sector 3 – §Governance – +/- 15% or €28mio allocated with the specific objective "to improve public service delivery through reforming and strengthening public sector administration and the introduction of modem management processes to the Lesotho public service" and under §Other measures/support to civil society - support the capacity of civil society organisations to engage as an effective partner – indicative €7mio (11th European Development Fund – National Indicative Programme (2014-2020) for co-operation between the Kingdom of Lesotho and the European Union, p10 and p16). Pending the approval of a Sector Budget Support Programme which is not yet the case, it is only foreseen to support the local authorities and community level under one of the expected results of the third phase of support to Social Protection and decentralisation might be mainstreamed under Water and Energy sectors under EDF 11.

the NSA in the LDG process and the quality of its relations with the UNDP and the MoLGC along the preparation, implementation and follow-up of the projects that are realised with the grants awarded.

EUD is interested to see which synergies have been developed and exist between the two components; although it is not specifically mentioned in the grantee's contracts with the EU to actively be involved in the LDGs, their presence in the districts where LDG projects are realised will be helpful to the EUD for monitoring these and support the DC and CC where possible, both in the formulation of the district development plans and in the monitoring of the LDG funds.

Along the discussions the MTR team held with different NSA involved in the programme and when visiting the DCs, a general assessment is made as to which degree Civil society was/is involved in the Decentralisation Debate. Potential synergies that could/should exist between the DDP and the NSA components of the DDNSA were considered.

Regarding the fiscal decentralisation component of the mission, EUD is aware that fiscal decentralisation in Lesotho has not yet been realised, for technical reasons (IFMIS not yet being implemented at the DC and CC levels) and for political reasons where there is still a need for consensus building towards this sensitive issue of transferring funds and fiscal authority to the local levels. The Fiscal Decentralisation expert (Mr. Trillo) therefor concentrated his efforts on assessing the financial management and technical coordination capacity that exists (or lacks) at the DC and CC levels for transferring services in sectors of which services have been decentralised already or will be in the near future – re. 7+1 pilot ministries which participate in the first exercise of decentralising particular technical and administrative services to be delivered at the local level and/or devolving particular management responsibilities of sector specific services (for example local health facilities, land and cadastre management, …) to the local levels. The MTR also looked at the sustainability of the LDG and whether the LDG with all the related trainings has increased the capacities to better plan and manage budgets as well as plan and implement projects. As this is an on-going process, this MTR proposes which additional efforts are to be mobilised in the remaining DDNSA programme period to strengthen local level management and service delivery capacities.

The mission gave specific attention to the minimum and additional conditions (performance criteria)[32] for awarding grants under the LDG, and analysed whether all conditions are indeed technically relevant and indeed provide an incentive for the right reasons.

In line with the request of EUD Head of Cooperation, the main task of the MTR mission has been to identifying meaningful activities and outcomes to be realised for the remaining programme period (until end NOV 2016). With this MTR, the stakeholders will receive an independent advice regarding programme activities for the remaining implementation period, taking into account that, as of January 2016, DDP will be the only project to support decentralisation in Lesotho.

ALAFA, which ended in 2014, is analysed specifically looking at the sustainability of its actions and lessons learned. The MTR TL visited one textile factory, met with HR, the nurse and one peer trainer, and had a discussion with the Better Work Lesotho project representative, Kristina Kurths.

The assessment of the implementation and the results achieved by means of the four Grants were the focus on the NSA expert of the MTR Team.

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[32] See Annex 11

3.2   Timing and deliverables

The **inception report** was delivered within one week of the in-country mission (according to the newly proposed an accepted implementation schedule the 4 home-based working days of the Team Leader for documentary analysis are fully integrated within the field mission)

An **approach and methodology** for conducting the assignment was developed.

Interviews with the relevant stakeholders and field mission:

All 10 district councils were covered by the three experts together, hence covering all locations of the DDP programme (including the LDG component) and the NSA-SP programme (which covers 4 Districts). During the data collection phase, the team has conducted extensive interviews with all relevant Local Government stakeholders, including all relevant stakeholders at national level, all District Councils Secretary (DCS) or acting DCS, some community councillors, all DC Finance Managers, most Accounting Officers and UNV volunteers posted at DC level. Regarding the NSA-SP, all grantees were interviewed (applicants, partners and associates). For the lead-applicant, meetings were held with Executive director/ Programme manager/ Finance manager or a combination thereof. Programme staff implementing project at district/community council level and members of the National Lesotho Volunteers Corps posted in the NSA-SP at CC level were also interviewed.

The Team Leader visited the District Council administrations of **Tsaba Tseka**, **Butha Buthe** and **Berea** where he interviewed different staff members, the District Council Secretary and Senior Accountant as well as UNV. Moreover, in Berea he visited the three LDG funded project realisations (protected water wells).

The Fiscal Decentralization Expert conducted fieldwork in **Maseru District**, **Quthing**, **Berea**, **Leribe** and **Maseru City Council**, **Likaleneng** and **Makhalaneng**. Additionally, two workshops were conducted: 1) Public Finance Needs assessment (30 June 2015) with all 10 Finance Managers from all District Councils and 15 accounting officers; 2) A workshops (25 June 2015) with all District Council Secretaries.

The NSA-SP consultant collected data through face-to-face interview of key informants (grantees, UNDP project management team, local authorities representatives), focus group discussions and collected information from direct observation and meetings with grantees staff based in **Maseru**, **Leribe, Botha-Bothe**, **Berea**, **Thaba Tseka**, **Mohales'hoek**, **Mafeteng** (DC and CC levels). He interviewed all DCS in districts where the NSA-SP grants are being implemented (workshop of 25 June 2015). Furthermore, in **Berea** (**Tebe-Tebe** community council, 23 June 2015), he held a focus group discussion with SAC-L project direct beneficiaries and visited project sites at village-level. A final focus group discussion was held for all grantees, partners and associates, hosted by LCN (30 June 15) to validate some of the findings, provide feed-back on lesson learnt during the assessment, promising practices observed in each grantees and pave the way for further coordination.

A list of people interviewed is provided in Annex 4.

The de-briefing was held on 3 July 2015 while an aide-mémoire accompanied with a PowerPoint Presentation for wrap-up meetings with NAO, GiZ, MoLGC, Project Management Team and EUD was produced.

The de-briefing meeting which was chaired by the EUD Task Manager, concluded with a number of preliminary observations by the audience that was composed by a strong delegation of the MoLGC, led by the PS, with the Director General of Local Government Services, the Director of Planning and the Director of Decentralisation, a representative of the Ministry of Finance, the Resident Coordinator of the United Nations, the Senior Governance Advisor of UNDP, the DDP staff, representatives of LCN and GIZ.

It was agreed that formal comments will be transmitted in writing before the 15th of August. Taking into account the slightly delayed start and the revised time schedule of implementation, and after receiving the comments, the Final Report will be available by mid-August 2015.

3.3   Present context

The Decentralisation Policy was adopted recently (2014) by the Cabinet and it is still early to evaluate its impact. The Decentralisation Action Plan focuses on a range of implementable actions to assist the Kingdom of Lesotho to realize the devolution of functions.

In 2015 financial transfers to the local level are expected to be a key element of reforms, requiring a balance between local revenue (taxes, fines, fees, charges etc.), intergovernmental financial transfer (between vertical levels of government and their distribution horizontally) and borrowing. However, all these sources respond to demands of the devolved functions and responsibilities of the various layers of government based on the principle of subsidiarity.

In May 2015 the Government, at its highest levels, has initiated the process of decentralising service delivery for 7+1 Ministries. Following the initiative taken by the MoLGC, an inter-ministerial meeting was held on Wednesday 3 June. It was preceded by high-level technical meetings of the MoLGC with individual ministries at senior level. Representatives of different development partners (EU, UNDP, GIZ, …) attended the inter-ministerial meeting as observers. The pilot ministries selected are: 1) Health, 2) Energy, 3) Water, 4) Environment, 5) Forestry, 6) Social Affairs, 7) Local Government and Chieftainship and 8) Mines and lately also the 9) Public Works was added to the list. For most of the line ministries involved, services are already deconcentrated and the move towards decentralised administration and service delivery under the authority of the future Mayors and DCs will not require important infrastructure investments to accommodate and make operational the services involved. However, the MoLGC will lead the process to ensure that the structural and organisational changes precluded in the Decentralisation Policy and <u>functions will be gazetted</u> before transferring human <u>and </u>financial resources under the direct management of the DCs.

Provision for Councils to collect local revenue has been made possible by the Local Government Act of 1997, but has not been operationalised as the items have not been gazetted. Councils are however collecting revenue (for instance, fines) but it is not clear how the funds generated are accounted for and reported on in terms of use.[33] Lack of regulations that govern local government financial management also bring along delays.

The system of allocating Government grants to Councils is structured along the lines of using population, land area and equal share. This grant system not provide performance incentives for improvement and provides no vertical or horizontal equalisation dimension. Also planning, budgeting and monitoring requirements are not regulated by guidelines that empower Councils to apply grants once approval mechanisms at the local level are complied with, but development programmes are subject to evaluation by central government actors before implementation. There are also several types of grants (development grants, capital investment, road, infrastructure, solid waste management) flowing from central government (MoLGC and other ministries) to the local authorities (both Councils and districts) which are all together not properly monitored (See Annex 11 for details).

This has implications for **compliance** as it is not clear which regulations the Councils are obliged to apply to their operations. Systems for financial management and accounting at the level of the Councils are also still weak and this has implication for judicious utilisation of funds, contract management and project management in general and could pose fiduciary risks. The MTR however could observe that the PFM systems prescribed by the Ministry of Finance and MoLGC are applied on DC levels but need a lot of

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[33] According to the Decentralisation Policy, the Local Councils collect hardly any revenue, with some collecting no more than M 5,000 a year – just enough to pay one councillor's allowances for one month. The Government acknowledges the absence of incentives to maximize local revenue collection, complicated by having multiple revenue collection institutions. Lesotho Revenue Authority (LRA) collects all tax revenue – including customs and internal revenue (Value added Tax and Pay as you earn (PAYE); The Ministry of Trade and Industry collects trade licence fees; The Ministry of Interior collects livestock branding and registration fees; The Ministry of Transport collects vehicle and automobile registration and licence fees; while Local councils collect an assortment of fees, fines, rents that include ground rent, market dues, pound and grazing fees, as well as public toilets, abattoirs, sale of goods and kiosks.

improvement (reporting formats, consolidation of financial reports on the central level, financial database, document management and filing systems, etc.).

The Municipal Public Financial Management skills are weak and there is no Government plan, formulated by MoLGC and Ministry of Finance together to systematically address the need to strengthen PFM at DC level. IFMIS will not be rolled out to DC levels until 2017. The 7+1 line Ministries to be devolving functions from next budgetary year (2016-2017) onwards and which are already present in the districts have not fully operationalised PFM in their current regional offices.

There are currently **no internal auditing systems at the Community Council level** and very limited at the District Level. Some very limited and late external auditing has been conducted on Districts and Councils, the latest external audit report of the DC is currently being produced for fiscal years 2012/2013 and 2013-2014. The external audit by the General Auditor has not yet been published due to time and capacity constraints of the General Auditor's Office.

While the process of unpacking functions and allied requirements is now being realised for the 7+1 pilot ministries (expected to be made by September 2015), functions of the various layers of government are not yet clear and therefore the financial framework has not been fully determined. The MTR did not receive formal evidence of road map for the devolution of functions of the pilot ministries and cannot confirm that dates have been formally set. No information has been made available to the MTR in regard of the impact on HR (functionaries that will be positioned on DC level), nor a financial estimate of accompanying measures to Government is taken to realise this plan.

These obstacles and risks have been taken into consideration in the MTR to provide a wider picture of the impact of various grantees and beneficiary institutions as part of the larger sector and how this setting contributes to project implementation and how to find lessons to replicate and improve the programme.

Overall, the MTR takes into account the effect on timely or delayed implementation of the action plans the recent post electoral political and current political context had or has.

3.4   Areas of concern

The MTR faced the challenge of analysing progress and results upon data and information available. This assessment of a complex institutional reform programme faced the challenge to work within the context of a currently still incomplete institutional set up and had to take into account the challenges related to absorption capacity and varying levels of ownership at different levels.

This MTR therefor focused on reviewing the formulation and implementation of policy reforms, where impacts may be visible only in the medium and long term.

The **fragmented institutional nature** of a diverse set of actions and policies, aligning different grants, different financial arrangements and different institutional settings demanded a defiant detailed research of available data sources which drawing a challenging environment for the analysis.

Activities, financial information, procurement and record keeping are not exclusively managed by one single monitoring and evaluation unit or ministry. Additionally, the DDP Programme Support Unit follows parallel reporting criteria (Annual Work Plans) and while most of the LDG grants and project expenses have not been clearly earmarked, budget analysis was especially challenging.

Taking into account the intensive work schedules of the Component managers of the MoLGC, the MTR also faced the challenge in securing the commitment of MoLGC to cooperate intensively with the MTR team. Overall, the MoLGC made sufficient time to bring their stand points on the DDP but more time would be needed to develop a detailed time schedule for future DDP interventions. Both, the Ministry of Finance and the Ministry of Development Planning were also consulted at different stages. However, a more in depth cooperation with these major stake holders would be needed if one would aim at developing technically consistent and detailed proposals.

The MTR observes that there still exist fundamental conceptual different views within the leadership of the MoLGC about the nature of the decentralisation process, which is generally a mix of devolved and de-concentrated forms of decentralisation. The question how central government representation on the local levels will be ensured so as to make sure that sector standards and sector plans are complied with by the local authorities has not been sufficiently debated and transposed into operational systems and structural reforms from the side of the sectors (line ministries). The lines of authority and accountability are not clearly established, mainly due to the fact the Local Government Act has not yet been revised, and conflicts potentially may arise from differences between political affiliation of local authorities and the government's political composition and from the fact that the Mayors are in no way subordinate to the authority of members of the Government, the line Ministers, but only are subject to Law. From a technical and operational point of view the establishing of a certain degree of planning and budgeting autonomy for Councils is understood differently by stakeholders.

A cursory look at the NGO grant component of the programme shows that the grant recipients are all reputable institutions with a track record in managing donor funded programmes which does not mean that there is no risk linked to access to relevant project documentation as it is commonly accepted that project documentation and M&E constitute a weak aspect of institutional life of local NGOs. Two of the four grantees (SACL and LCN) have implementing partners. The inherent risk linked to working with both, main grantees and their implementing partners has been mitigated by ensuring full and active participation of both levels, site visits and observation, narrow and wide consultations with project staff, and an analysis of the management and governance structure of grantees in line with an empowerment evaluation framework.

4. Strategy and Approach

Overall approach

A set of indicative evaluations questions was developed around the objectives and results indicators of the programme. These questions inform the methodological framework design used to address the Relevance, Efficiency, Effectiveness, Impact and Sustainability of the programme, Community Value Addition and the comparative advantage using evidence based data sources and methods of the EU's support in a framework of pool-funding of a total of more than €14mio composed of EU (€8mio) and UNCDF (€0.88mio) for DDP, German Government Transfer Agreement (€3.5mio) out of which €2.0mio dedicated to ALAFA and €1.5mio for CSO component, and together with the latter funding by the German Government, a budget of the EU of €1.59mio allocated to the four grantees, a total of €3.09mio, co-financed by EU and the German Government.

The MTR team developed on a common methodological approach as outlined below and agreed upon with the EUD that it will form a guide to determining the delivery modalities of this MTR.

The methodology used by the MTR Team is based on the following principles:

1. A participatory approach throughout the review process. The MTR was carried out in close collaboration with the EUD, UNDP, UNCDF and national stakeholders (beneficiary institutions, relevant Government of Lesotho institutions, independent oversight bodies, CSOs and local authorities) and donors currently active in the decentralisation sector. The consultants ensured the involvement and participation of all stakeholders as required.

2. A systematic and coherent analysis of political, institutional, financial and socio-economic factors influence support/impact of the implementation of the DDNSA programme. These analyses cover programme design and implementation, resource allocation, policy and institutional frameworks, capacity assessments of beneficiary institutions. It also included an analysis of cross cutting issues such as gender, policy-making contexts - coherence and alignment with national policy framework and plans as well as with EU development policies.

3. An in-depth assessment of the strengths, weaknesses, opportunities and risks to the implementation of DDNSA in terms of the relevance, efficiency, effectiveness and sustainability has been undertaken and is presented under the form of a SWOT diagram (annex 2) ; recommendations made are consistent with these findings.

4. Assessment of the extent to which the DDNSA programme has contributed to the Strategic Outcomes in the Contribution Agreement/Financing Agreement[34]. This assessment also enabled the MTR Team to track progress, identify outcomes and lessons learnt.

The MTR team made its assessment using the following methods:

1. Documentary analysis and review of all relevant records and data related to the DDNSA programme. This includes but is not limited to the Financing Agreement and Logframe, and results indicators, programme monitoring tools and reports, national policy frameworks.

2. Key informant interviews with relevant stakeholders, including interviews with key

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[34] FA (p2) – core results / outputs – Contribution Agreement with UNDP n° FED/2012/283-774 – Financing Agreement n° LS/FED/21-445, Deepening Decentralisation and Non State Actors Programmes, signed by EU on 14/09/12 and by UNDP on 19/10/12

    1) Improved development funding through local authorities

    2) Decentralisation and accountability systems at local level are promoted

    3) Capacities of line Ministries and local authorities enhanced to decentralise functions

stakeholders, beneficiary institutions, Government of Lesotho, NSAs, local authorities and donors involved. The consultants also interviewed other in-country donors that support decentralisation in Lesotho, in order to assess complementarity, value addition and value for money of EUD support.

In order to fully assess the scope of interventions and activities under the DDNSA, the consultants made an initial mapping and analysis of programme interventions including stakeholders, policy and institutional contexts. This mapping was followed by detailed analytical work on resource inputs, stakeholder participation and impact. The mapping exercise will collect data that will facilitate an understanding and presentation of the (i) 'enabling environment' (stakeholders, legal frameworks, institutions, policies, strategies, systems and processes) for decentralisation, (ii) capacity building activities undertaken and (iii) sustainability indicators (trained/appointed or remaining at relevant positions in the central and local administration), (iv) local decentralised governance focusing on quantity/quality of service delivery and (v) local public accountability.

The analytical work included an assessment of: (i) the impact of projects/interventions under the DDNSA, (ii) impact on the role/capacities/activities of beneficiary institutions including civil society; (iii) assessment of the efficiency of the 'pooled' funding instrument under the Multi-Donor Basket Fund (iv) lessons learned from the implementation (v) impact on policy and institutional framework for public accountability and local governance in Lesotho (vi) thematic areas/complementary sectors including: the fight against AIDS[35], the enhanced advocacy role of CSO in local governance in selected focal areas[36], the inclusion of PWD in community decision making in selected areas[37], and enhanced capacity of NSA/CSO in contributing at community level[38]

The outcomes of the mapping exercise combined with analytical work and stakeholder interviews provide the basis for assessing the Relevance, Efficiency, Effectiveness, Impact and Sustainability of the DDNSA programme. It is also used to determine multi-stakeholder engagement processes in the programme i.e. the relationship and level of interaction between the various beneficiary institutions in the sector during programme implementation. The SWOT allows to identifying constraints and challenges and how these can be mitigated during the remainder of the programme and if considered necessary require a reorientation of particular interventions already underway or planned to be realised during the remaining period.

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[35] ALAFA, Apparel Lesotho Alliance to Fight AIDS, (€2,000,000 financed under the German co-financing)

[36] Send a Cow Lesotho, EUR 1,271,145.27 (90% of total eligible cost of the action)
"Capacity building of local Non State Actors to deliver social services, alleviate poverty and promote local economic development".

[37] Lesotho National Federation of the Organisations of the Disabled, EUR 228,369 (76.78% of total eligible cost of the action)

[38] Lesotho Council of NGOs, EUR 1,293,329.34 (90% of total eligible cost of the action) "Building capacity of NSAs for constructive engagement in local government" in Leribe, Maseru, Botha Bothe, Mohale's Hoek, Mafeteng and Mokhotlong

Catholic Commission for Justice and Peace, EUR 296,792 (86.08% of total eligible cost of the action) "Strengthening Civil Society in Lesotho (SCIL3)" in Thaba Tseka and Qacha's Neq

5. Assessment

The findings of the assessment carried out by the MTR team are summarised below. These findings are based on data and information gathered during interviews, field visits and documentary research.

5.1 Programme Preparation and Design – Coherence/Complementarity

This chapter aims to assess the planning and design phases of the programme from the initial programme idea to the final financing proposal. Coherence, completeness and realism of the planning and design of the programme, as articulated in the programme's logical framework are evaluated.

Review area

Consistency of the overall design, aims, objectives and delivery modalities of the DDNSA programme with:

a) National development objectives for Decentralisation in Lesotho;

b) EU/Lesotho CSP/NIP;

c) EU Development policy.

Conclusions about the formulation phase of the Programme

DDP component

The programme design, aims, objectives and delivery modalities are in line with the NDP priorities and the decentralisation objectives to devolve functions and empower citizens. It is aligned with the EU development policy of poverty reduction, policy enabling environment and financing local development.

At the formulation stage of the programme, General Budget Support had been considered an option. The Government capacity to manage this type of support programme however was not sufficiently developed.

The DDP contributes to promoting democratic governance and building of effective institutions at national and local level.

The DDP's main focus on deepening decentralisation and improving local development funding for decentralised service delivery, i.e. bringing services closer to people, is a high priority of the government and is in line with the Government's Decentralisation Policy.

Empowerment of citizens to participate in shaping their own development agenda is consistent with the national objectives.

Promotion of downward and upward accountability and transparency by improving public financial management at the local level is in line with GoL policies and with the EU National Development Plan. Good PFM on the local level will lay the foundation for future development cooperation programmes.

Blending capacity building on the local levels and policy formulation at the central level, with LDG as seed capital, enables the local authorities to implement and test the capacities obtained, and build, hand-on, management systems and procedures as they implement the different phases of the LDG projects.

However, economic empowerment and increase of household incomes while mainstreaming poverty reduction should have taken into consideration in the project design.

Efforts should be made to introduce criteria of Local Economic Development in the formulation and approval of LDG projects. This will enable the planning process at the local level not only to be focussed on the provision of social services by responding to immediate needs as expressed by final beneficiaries. As a result, the LDG will be enabled to support projects that will improve people's incomes or create an enabling environment for their incomes to increase.

Conclusions about the formulation phase of the Programme

The role of local authorities needs to be further emphasised.

More building capacity will be needed, beyond the currently existing capacity building support to the processes of identification of needs and project formulation, to refine the criteria that will be applied on project proposals for funding.

Nevertheless, the procedures the DDP has developed through LDG have proven to be a good toolset that will allow for establishing a funding mechanism that will be sustainable on the longer term.

LDG however is at risk of becoming a short-lived, yet interesting pilot exercise of fund management by local authorities. The government and development partners alike, but also financial institutions and the private sector, now need to define how an institutionalised **Local Development Fund (LDF)** could operate and under which type of statute. The future LDF could be established as a limited company in which local governments and the State are major shareholders, together with Development Finance Institutions. The LDF may then offer the opportunity for attracting funding that is locally available but not mobilised for various reasons.

Good experience <u>and</u> expertise may be drawn from UNCDF's LFI (Local Finance Initiative) achievements in Uganda and Tanzania (re. Annex 6).[39]

NSA component

The NIP emphasises the need to increase the role of the NSAs to improve governance and strengthen democracy. NSAs need to play a more active role in Lesotho's development process as described in the Cotonou agreement articles 4 and 33. Strengthening the role of NSA for establishing good governance also features prominently in the EU's Agenda for change (2014), EU's Communication on the roots of democracy and sustainable development (2012) and the African Union Charter on Democracy, Elections and Governance (2012).

The NSA-SP is operating on these bases and intends to increase and improve the role of NSA in the national and local development and governance process, capitalising on the lessons learnt from the work already done under its predecessor programme (LGNSP) and grants under NSA-LA budget lines (2012).

Review area

How and why particular delivery modalities were chosen.

Conclusions about the choice of aid delivery modality

DDP component

For the DDP, UNDP opted for the national execution modality (NEX) to ensure national ownership, replication, continuity and sustainability of impact after the project period.

When defining the delivery modality by means of a Cooperation Agreement with an international organisation, UNDP was the only development partner present with capacity on the ground. Civil Society had been considered being too weak to carry the decentralisation process on the local level.

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[39] The main aim is to mobilise domestic capital, promote increased capital flows to the local level, reducing inequalities, improving services and increasing opportunities for sustainable economic development. In its methodology, projects that are seen by the private capital markets as un-bankable are de-risked and taken to an investment ready stage where they are prepared to access commercial capital. Selection of projects is based on a) impact to local communities; b) potential for commercial viability; c) priority infrastructure areas include energy, agro-processing, public facilities infrastructure, and other traditional and industrial small and medium size infrastructure. - Specific Comment 96

UNDP had and has internal capacities and national consultants and has a long term working relationship with Civil Society and the GoL as well.[40]

DDP contributes to building institutional capacity and lessons learnt are documented and fed into the MoLGC and the LG network. Additional needs for capacity building on the institutional level of the MoLGC were identified during the implementation of DDP. As a result of this, efforts were made to build a "peer-to-peer support" mechanism with the Rwandan and Ugandan administrations where high level civil servants are in regular contact with each other and can discuss strategies of decentralisation.

To strengthen project management capacity, UNDP has positioned 8 UNVs, one in each DC that had achieved successfully the minimum conditions for receiving grants. UNVs are mainly focusing on the programming of the two financial instruments of LDG, capacity building and capital investment, the latter comprising retooling of DC administrations and grants for investments at CC level.

UNDP aims to foster the ownership of the programme through the strong involvement of the MoLGC. MoLGC at three different levels ensures the day-to-day management of the DDP: Director of Planning, Director of Decentralisation and Director General of Local Government Service. This triple leadership of the programme however is not conducive to efficient decision making and has proven to be dysfunctional because of different channels of decision-making and at times very different views on how decentralisation should evolve in the mid-term among the leadership. Those differences in views are fundamental and relate to strategic decisions to be taken when bringing decentralisation forward but are not being discussed openly. There is no consensus what role the State (central administration) to play in the context of a decentralised administration. How will the central administration be represented on the local level? How will the central administration ensure that standards of service delivery are maintained across the country and how can the central administration intervene if these standards are not complied with? What happens and how the central administration can intervene when particular standards or regulations and not complied with by local authorities? What is the mechanism for a transferred competence to be withdrawn (example: the Rwandan administration recently withdrew particular competences related to raising taxes at the local level due to lack of performance; the RRA is now again directly responsible for raising those taxes). This discussion relates to the difference that has to be made between "original competences" of local authorities and "transferred competence". The State, where the Government represents the Executive, has constitutional obligations such as ensuring education of good quality and providing health services to all Basotho. The State, by means of its Central Administration needs to be enabled to intervene, without losing precious time when those services would be delivered sub-standard. There are indeed still many issues to be discussed and decided upon. This lack of clarity finds its origins in the fact that these issues were not sufficiently taken into account when formulating the National Decentralisation Policy.

The local development funding mechanism was established in the first place to pilot a fiscal transfer modality with performance-based grants that can incentivise the intergovernmental fiscal transfers and motivate line ministries to decentralise resources.

UNDP, however, observed that the MoLGC is too much focusing on controlling the implementation and that it leaves only limited space for cooperation and technical assistance by the UNDP Project Manager and UNCDF's Technical Advisor.

The capacity to analyse various technical reports produced by DDP is limited mainly due to the fact that there does not exist a larger team, working with the three Component Managers (Directors of MoLGC) to follow up on implementation. Additionally, the Component Managers have a large number of management responsibilities to attend and do not have sufficient time to ensure full implementation of the DDP outputs.

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[40] This is further strengthened by the partnership with UNCDF which brings technical assistance and expertise on local development financing.

NSA component:

The centralised aid modality through grants was chosen based on a recommendation from the formulation mission but it failed to establish an effective coordination and monitoring mechanism by means of which decisions would be enforceable beyond the initial individual grantees' contractual obligations.

The requirement for inter-grantee coordination cannot be imposed within the CfP process and the intra-DDNSA coordination requirement cannot really be effective if driven from one perspective and not owned by the CSOs. It is currently limited to an exchange of information between the two components at the level of the PSC.

Weaknesses in coordination and monitoring originate from the choice for EU centralised grant management without technical assistance or a non-grant component (to support grantees and EUD in coordination, monitoring and contract supervision) and from the absence of specific provisions to amend the general conditions of each individual grants contract.

Review area

Understanding of aims and objectives of the DDNSA by stakeholders: beneficiary organisations, GoL and CSO. Level of stakeholder involvement in the design and formulation of the programme.

Conclusions about the Stakeholder Involvement

DDP component

The aims and objectives are well understood by MoLGC. There is however a need to constantly remind the MoLGC to refer to the FA to keep on track and avoid going outside the framework;

The stakeholders were actively involved during the design and formulation phase and their experiences from previous projects were taken into account.

However, the challenge is how to ensure that the different actors/beneficiaries i.e. GoL and NSA build synergies and share lessons and experiences.[41]

NSA component

Stakeholders were involved in the design of the programme but from the start, the programme focused more on the DDP and less on the grant component. The grant component was supposed to be an accompanying measure to support the reform process. Unfortunately, the role of CSOs remains misunderstood. It now seem unrealistic in the current institutional context of Lesotho where there is little interaction and culture of interaction between the government and Civil Society to expect a stronger involvement of the NSA in the decentralisation process or in the LDG projects management (from identification to implementation).

The programme could have benefited from a clear, commonly accepted and recognised conceptual framework such as the social accountability model. Providing a clear conceptual framework in the CfP guidelines would have been helpful to potential grantees in adopting a strategic approach directly related to the decentralisation process. Despite this lack of clarity in the CfP the evaluation committee selected applications that all relate to social accountability to some extent.

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[41] With the proposal to focus on the LED approach, this calls for a stakeholder forum at national level and probably district forum. This will bring together the various LED actors i.e. the private sector, CSO and the public sector. This will act as a hub to share information, identify linkages and partnerships. Identify local resources that will need to be mobilised to accelerate LED initiatives within a territory.

The Delegation has been following up very closely with the grantees. However, it is difficult to change the nature of a project given the PRAG procedures[42]. The grantees have all commented positively on the supportive role played by the EU Delegation (mentioned in the individual and consolidated SWOT analysis in 5 tables in annex 7, namely each section on "supervision"). The MTR refers to the programme design which did not include a non-grant component to the NSA programme, forcing the EUD to assume some grant support and coordinating function beyond its contractual supervisory role. That additional role for EUD could actually be problematic as it can lead to EUD having to mediate/micro-manage issues in some instances, blurring the line between implementation and supervision. The facility for the EUD to engage additional support (through a FWC) is mentioned precisely on page 24 of the TAP but it has not been acted upon. MTR recognises the difficulties of mobilising TA at short notice for specific inputs, at irregular times, but creative ToR could be drafted that combine regular on-site support with strategic off-site help-desk type functions.

MTR recognises and agrees with the comment that the nature of the project cannot be amended at this stage but measures could be taken to mitigate negative impact such as through mobilising independent coordination, support and consolidated M&E through STE/ FWC as indicated in the FA (indicative budget of €140, 000 for STE in the NSA-SP component or using contingencies.

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[42] also to Specific Comment 10 - § 1.1

5.2   Relevance of the Programme

Relevance refers to the design of the programme and appropriateness of the actions and capacity building (including the input of the technical assistance) for the beneficiaries.

Review area

Objectives of the DDNSA and extent to which the programme addresses local needs and priorities of beneficiaries.

Conclusions about Relevance

DDP component

The main objective of the DDP has been to create a conductive policy environment for devolution and piloting a local development funding mechanism for councils. This would enable the local authorities to address the needs of the community members. The nature of projects prioritised for funding under the LDG are basic public services i.e. water and sanitation, schools, health equipment and shelters for expectant mothers.

The LDG has contributed to increasing discretionary investment capital at the disposal of councils, additionally to the existing capital flows from the government. The DDP funding may therefore be considered to be piloting this approach. It should, however, be noted that the overall DDP additional funding represents only 4%[43] of the overall Government capital transfers to DC, which are mainly designated to roads and infrastructure development in the water sector.

Efforts need to be steered towards building capacities of the councils to improve their efficiency and effectiveness in service delivery.

The programme became now (from June 2015) more relevant than ever before since the government is at a very critical stage of devolution of functions from the 7+1 pilot ministries. It requires both technical and financial support to guarantee a smooth implementation of the decentralisation.

There is general agreement that the following function will remain under the realm of the central administration:

- Policy formulation

- Legislation and regulation; including standard setting

- Capacity Building

- Monitoring and Evaluation

By April 2016, the following 7+1 ministries are planned to devolve the delivery of their services to the local level:

- Water
- Energy
- Social Protection

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[43] These funds are still highly centralised in terms of procurement and fund management. The councils are required to submit proposals and yet inadequate support is provided to prepare fundable proposals. There are delays in realising the funds and councils are left with limited time to implement and funds are returned to the centre at the end of the FY. The LDG (4%) is the only discretionary capital budget that is managed and implemented by the District Councils.
The pilot LDG is usually a small seed capital that is used in the design and testing of improved PFM systems and procedures at the local level. Once the basic systems and the capacity are in place, then central government and other actors/development partners are motivated to increase capital flows to the local level. – Specific Comment 99

Conclusions about Relevance

- Mining
- Forestry
- Environment
- Health
- + Public Works

Although, a large amount of information is now available, including a number of high quality reports (Lesotho Decentralisation-Situation Analysis – 2013; LDG Assessment Local Governments on Minimum Conditions for LDG – 2014; Diagnostic Assessment DDP – 2014; National Local Service Delivery Survey – Jun 2015), the important challenge that remains to be addressed is to formulate and standardise the business processes of the DC Council administration and primarily of those sectors (7+1) that are meant to decentralise their service delivery from next budgetary year onwards.

DDP will be relevant when indeed it will be able to support the processes that will enable the decentralised administrations to deliver services as expected:

1. PFM procedures (includes accounting and financial reporting, procurement and internal auditing)

2. Business processes related to the 7+1 pilot sectors

NSA component

As far as it addresses demand for better local governance, the NSA Grants component is relevant especially because its activities of CSO constituency building and strengthening of the overall civil society sector.

As far as it addresses demand for better local governance, the NSA Grants component is relevant especially because it is strengthening the overall civil society sector through CSO constituency building and because it contains elements dedicated to enhancing governance at local level especially accountability and transparency (score cards, (local) public finance monitoring, public participation, etc.).

The list of possible activities in the CfP typically included actions ranging from local planning (governance approach) and Public Expenditure Tracking (PET) to agricultural activities (Livelihood approach). The CfP has attracted substantial interest from potential beneficiaries testifying that it covers identified needs. The absence of sectorial focus, however, has allowed for a too wide variety of activities and for approaches that combine elements of service delivery or of livelihood, which limits the potential impact.

Review area

Appropriateness of choice of the particular delivery modalities for successful implementation of the programme.

Conclusions on Relevance

DDP component

The modalities chosen are appropriate.

The MTR considers the alignment with the Paris/Accra Declaration for Aid Delivery of DDP through National Implementation indeed achieved. The burden of programme management shifted on the national authority, the MoLGC, UNDP operates too much hands-off not being involved in the process of priority setting and strategic management.

The programme technical advisor and programme manager cooperate with the national authorities that are in charge of implementing the programme in an indirect manner. They are also not physically present in the ministry, which hampers coordination and transfer of programme management skills and of know-how in the area of decentralisation (including Local Economic Development, Regional Planning, Creation of an Enabling Environment, Mobilisation of Local Finance, Income Generating Strategies and Methods,

Conclusions on Relevance

etc.).

Preferably, the UNDP/UNCDF Team should be located within the MoLGC. UNDP should then mobilise part of the funding it recuperates under overheads to sufficiently equip a Programme Support Unit within the MoLGC. The MTR considers that the EU is entitled to require value-for-money (523.364€). What UNDP currently provides is too little to be considered as a cost coverage lump sum. Currently UNDP provides one office of about 10m² for the Technical Advisor (UNCDF) and the Programme Manager. This is below the standard required by the EU (10m² per person).

NSA component

A centralised grant management system has its limitations in terms of providing support to grantees. A supplementary technical assistance could facilitate coordination between grantees and increase effectiveness providing consolidated reports, impact assessments and limiting duplications.

As a counterweight programme supporting the demand side for decentralisation reform/local governance, this approach has failed to ensure that the "other side" is made responsive to more demand and apt to address issues in a constructive way. The disconnection between the grant element and the DDP has meant that those issues have never been addressed. The separation of the components has favoured a silo approach and reinforced the "us and them" perception.

5.3   Efficiency

Efficiency refers to whether the same goal could have been achieved through other means at the same or lower costs. Were the different activities proposed under the programme the best to achieve the stated objectives? How did coordination, consultation and participation arrangements work within the programme and between the programme and stakeholders such as the ministries, civil society, other institutions and development partners?

Review area

Efficiency of the programme and project implementation, focused on resource inputs and use, results achieved.

Extent to which the DDNSA is adequately funded to achieve its objectives.

Conclusions about Efficiency

DDP component

The funding is adequate and the programme is on track to achieve its objectives. Because of the delayed start of the implementation phase and political change processes including early elections, more time will be required to implement the activities in order to achieve the objectives.

It is important to note that the programme has made substantial efforts under significant time pressure.

The results to date in particular under the DDP offers value for money for instance having a decentralisation policy in place and 7+1 ministries piloting devolution of functions (including budgets and human resources); under the condition that indeed the process succeeds within the set timelines!

NSA component

The total amount of the CfP represents a substantial financial input into the operations of civil society at local level.

Partnerships are encouraged by the EU. This approach however led to spreading the financial benefit to 19 different organisations and 1 INGO through 4 lead grants comprising 11 partners and 10 associates. All partners/ associates are Maseru based apart from one based in Thaba-Tseka (TDRI). Two of the 4 lead applicants are membership-based organisations. All rely primarily on a social development approach whereby development processes are delivered through community groups (sector specific, population specific or geographic or a combination thereof) which brings a multiplier effect.

However, due to the wide range of min/max amounts, 2 of the 4 grantees were awarded 82% of the total call amount. The CfP outcome reflects very different approaches, capacity and organisational maturity which makes it difficult to compare reports, impact, outputs, etc.

Review area

Degree to which resources have targeted areas/beneficiaries with the greatest needs.

Conclusions about Targets

DDP component

Under the DDP all the ten districts and Maseru City Council have been covered using a methodology that reaches the most remote areas in the districts and addressing the needs of the vulnerable people that would not be reached by others.

LED projects which the MTR recommends to be the focus of the second and third LDG grants, may

Conclusions about Targets

provide a better foundation for future strategic investments with sustainable local economic impact in these areas and for these categories of people.[44]

NSA component

Resources have reached 45% of all CC in Lesotho (but not all communities or villages in these councils have been reached). One district (Quthing) has not been covered at all and some CC are covered by more than one grantee, which creates duplication and "fatigue" on the target groups (especially the LAs). Areas that are hard to reach and traditional excluded groups of the population (PWD, PLWA, and rural women) were specifically targeted. In most cases, identification and selection of target groups and final beneficiaries were based on poverty and disempowerment criteria.

Most of the activities focus on the advocacy role of civil society rather than their developmental or service provision role. Service provision is considered in the grants as being complementary to advocacy, as an entry point into the communities. Civil society indeed needs more support to its advocacy processes because they are usually underfunded by the development partners.

The highest need is in rural areas at district level, both for advocacy and service provision/poverty alleviation activities. The 4 grants reflect a focus on community based activities, in line with identified needs of the targets represented in the FA. As envisaged in the FA, national level activities of the grantees only relate to project management and to policy development activities requiring to take place at national level (principle of subsidiarity).

Covering 9 out of 10 districts and 45% of all CCs is a remarkable result and an indicator of the strong coordination between NGOs when preparing their proposals ; albeit differently as some like Quthing and Thaba Tseka only work with one grantee (in 2 CC each) and other districts are covered by all 3 grantees in up to 9 CCs like in Botha Bothe for instance) and a more thorough assessment on how the NSA SP programme has impacted at local level would be interesting as we can safely assume that it has still benefited more the most accessible councils, even within the most accessible districts (a map plotting all the various projects sites of the 4 grantees would be a good way to start a monitoring intervention). That said, the coverage is even more notable as it seems fortuitous as the CfP was drafted in a way that did not ensure full coverage (it could have done so by including geographical lots, which would have incentivised working in all areas of the country. In interviews on the pre-CfP phase, the applicants alluded to post-information session discussions where they set-up partnerships as this approach was strongly encouraged by the EUD (rightfully translating the focus on partnership present in the FA). Though operating under principles of complementarity and subsidiarity, these partnerships are more ad hoc and opportunistic than resulting from long-standing cooperative relationships between NGOs.

Areas that are hard to reach and traditional excluded groups of the population (PWD, PLWA, and rural women) were specifically targeted. Efforts in this regard from NSAs should are acknowledged. Compliance with the priorities of the guidelines is acknowledged by the award of the grant contract to the applicant. MTR recognises that the evaluation committee awarded grants contracts in line with the CfP guidelines.

Review area

Extent to which resources spent match the results and outcomes of the programme.

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[44] However, the capacities of Local Authorities will need to be strengthened in order for them to create an enabling environment for LED to happen and at national level, this will call for a national local economic development policy and strategic framework to be developed. There will be need to conduct Local Economy and business assessments to understand the economic potential of the localities and how these fits into the national and international economies. The mind-set and attitude will need to change. The local authorities have to look at the private sector as partners and not competitors, establish public private partnerships.

Value for money obtained through the results.

Conclusions about Value for Money

DDP component

The political turmoil in the country with an attempted coup d'état in 2014, and early elections in 2015 bringing new staff at the management level of the ministries caused some delays in the implementation of the programme.

The programme team, i.e. the technical specialist and the programme manager for the DDP, were recruited only in April 2013 while as the project was signed in October 2012. Not much was achieved before the team was constituted.

DPP may now (June 2015) be considered as having reached its cruising speed:

- procedures for LDG are established

- capacities are built

- manuals and guidelines are made available and their use has been supported by training

- an excellent survey was conducted on the quality of service delivery and expectations of citizens

- 8 UNV are posted at each DC benefiting from LDG

- regular financial reporting became now a standard working procedures.

The DDP will have offered value for money when indeed the ongoing processes of devolution will be completed within the set timeframe. The government is committed to implementing the national decentralisation policy and 7+1 ministries pilot the devolution of their functions of service delivery; as a result, budgetary means and human resources will be transferred to the local level. The national budget 2016-2017 should reflect this; when in December 2015 the involved ministries will provide their draft budgets, it will be possible to assess whether or not decision taken are in line with is now planned.

The performance based local development funding through the LDG has improved public finance management, planning, procurement, communication and provided focus on the needs of the local population. The line ministries are now confident that decentralising service delivery to the local level is possible and will bring positive outcomes in terms of local development.

From these pilot experiences, lessons will be drawn to increase fiscal transfers in the future.

The LDG projects offer a practical experience for local councils to manage the planning and budgeting process and provide services to the citizens.

The results achieved so far are consistent and but not yet convincing to be sure the process of transfer of services to the local level will be realised within the set time frame.

NSA component

Though at mid-term, the four projects still focus on constituency development and capacity building rather than on advocacy-type actions. This is due to the delays in the project (inherent start-up delays and political instability related delays) and the phased approach (assessment-training-action) followed by the grantees. However, despite delays and looking at activities undertaken during the initial stages of the implementation (assessments and skills development), the resources have been used to mobilise communities around development issues in areas where there were none or little activities prior to the project. A significant number of new groups (single interest or mutual interest) have been formed, organised, consolidated through OD processes and registered to be able to act on the local public space. Public education, rights education, and awareness raising actions were part of the mobilisation activities of the communities and thus contributed to the creation of a dynamic at local level where it was non-existent in the past.

Conclusions about Value for Money
Capacity development activities were realised (and still ongoing) but it is difficult at this stage to see how attitudes and existing practices changed or will change. The capacity building materials used are adequate and take the local context into account. Some material could be improved by introducing new approaches and principles of learning about development, adult learning etc. but overall they can be considered suitable. However, all 4 grantees developed similar material and curricula. A concerted and coordinated approach focusing on the development of materials common for the sector could have affected efficiency positively. The main cause of this duplication issue is the absence of a proper coordination mechanism.

Review area

Extent to which the DDNSA is complementary to other donor funded decentralisation sector programmes in Lesotho.

Conclusions about Complementarity
DDP component.
There are not many other Development Partners supporting decentralisation, except the support from GIZ who will be winding down its operations at the end of 2015. Collaborative partnerships between GIZ and UNCDF are established and are operational.[45]
NSA component.
The CfP guidelines specifically mentioned actions that would complement NISAA (EU funded National Information System for Social assistance). However, this was not featured in any of the proposals or reports submitted by the successful applicants. Indeed, none explored the potential for complementarity until now even though there are clear benefits from complementarity in terms of access to social cash transfers, identification of potential beneficiaries, prioritisation of "poverty pockets" areas, synergies between civil society and government agencies responsible for social development.
Some grantees have successfully partnered with other programmes funded by either by the government or other donors, not necessarily directly related to decentralisation but rather supporting sustainable development policies at local level (Ministry of Gender, Youth, Sports and Recreation; Ministry of Agriculture). There is however no complementarity with the LDG.[46] Ad hoc activities of grantees have targeted LDG grants through advocacy but this happened outside any strategic framework put in place by DDP to ensure complementarity between the 2 components of the programme.

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[45] This is the reason why long term financing modalities and resource mobilisation from private capital markets and municipal financing should be explored to complement the existing mechanisms of local financing. The decentralisation reform process is usually costly and long term. It requires long term sustained financing.

[46] Three (3) out of four (4) grantees spent considerable time and resources mapping and prioritising needs at village, CC and DC levels in their 1st year (ahead of the LDG launch). Those priorities were shared with local authorities in different ways. However - and this was acknowledged at the debriefing meetings- none of the priorities emanating from these extensive participatory processes are reflected in the LDG outputs or in the local authorities' processes leading to the selection of the LDG grants. The grantees have complained of lack of transparency of the process that was conducted and led to the award of the LDG. They felt that this 1st round was a missed opportunity to build a synergic relationship at local level between LAs and NSAs.

However, the MTR report mentions that complementarity between LDG and NSA is a very relevant point: on hearing of one of the award in Botha Bothe, one grantee (LNFOD) advocated successfully for the grant to include a special disposition for PWD, clearly demonstrating the potential for cooperation between NSAs and LAs as part of the LDG process. One should aim however, in order to enhance institutional sustainability, to encourage formal interactions rather than ad hoc, reactive processes as the one described above.

Conclusions about Complementarity

The grantees felt left out of the LDG process and undermined by it. They could have played an active role taking into account their experience in identification and prioritization of the community needs through dialogues and service gap mapping. In areas where they extensively mapped community needs and priorities, these were never reflected in Council documents, which substituted a CSO-led participatory process for a rather un-transparent process, perceived to be politically driven and merely expedient.

5.4 Effectiveness

This is the analysis of whether the set objectives have been achieved as intended by the stakeholders. Were the intervention points correctly selected to meet the set objectives? Were the set objectives realistic and implementable? Were these objectives adapted, where necessary, during the course of the programme implementation? What was the extent to which beneficiaries actually benefit from the programme?

Review area

Benefits derived by the targeted beneficiaries including citizens of Lesotho.

Evidence of improvement in institutional capacity and performance of beneficiary institutions above the baseline at the inception of the DDNSA programme.

Conclusions about Effectiveness and Progress

DDP component

The adoption of the national decentralisation policy and 7+1 line ministries devolving functions of service delivery to the local level while line ministries have now more confidence that a local governance system can work, are positive signals

There is also a general agreement that a transfer of functions must be accompanied by a formalised intergovernmental fiscal transfer system.

At the local level, there have been noticeable improvements in preparing and approving annual plans, preparing and submitting financial reports and filling vacant positions on time. This is contributing to improved local government systems, procedures and practices. These achievements may be attributed to the awareness raising workshops DDP supported and the implementation of the performance based LDG mechanism, which provides for funding for projects that can be decided upon discretionary by the local government.

At the local level, co-ordination with the technical staff of the deconcentrated services of the ministries has also improved. The technical staff has been very active in providing technical support to councils to prepare and implement projects under the DDP.

There are more resources flowing to councils enabling them to address specific needs of their citizens and implement projects that they otherwise would not have been able to realise. The LDG funded projects come in addition to existing capital transfers to the local level and have enabled more people to access basic services.

NSA component

There has clearly been a qualitative improvement of the debate, both at national level and local level, on issues related to local governance as reflected for instance in regular annual NGO weekly presentations, policy briefs and other material outputs produced by the grantees. The success and resonance of the Community parliaments also testifies to the renewed interest of all stakeholders in a more open form of local democracy. Although DDCC are not operational, LAs have given space for CSOs to actively participate in local policy process (through participation to HoD meetings, and in a number of committees and sub-committees at CC level) Community dialogues, multi-stakeholders fora and conversations are advantageously replacing *lipitso* as open space of community engagement.

As a reactive process, the CfP mechanism also depends of level of the call's subscription by result areas, themes and sectors to ensure the full realisation of the results, specific and general objectives. In this case, the choice of flexibility (by opposition to a more focused approached by lot for instance) has resulted in some sectors of the call for proposal being largely more subscribed than others, resulting in unbalances in the anticipated efficiency at result level.

Review area

SMART-level (specific, measurable, attainable, relevant and time bound) of the programme's results areas foreseen.

Conclusions about the Logical Framework (The Objectively Verifiable Indicators)

DDP component

In the case of the DDP the outputs are **specific, relevant and attainable.** However, they are not accompanied by a Performance Assessment Framework composed of a set of SMART indicators.

The "Expected outcomes" would need a set of indicators to measure progress on a regular basis and milestones, thresholds and targets to be reached on a yearly basis.

NSA component

The logframe for the NSA-SP, which has never been amended from its original formulation, is problematic for a variety of reasons.

1. None of the indicators have been given baselines which makes measuring of impact difficult

2. Some indicators are too weak to be substantive indicators of achievement ("number of formal request by local NSA to LAs demanding action or information").

3. Most indicators are not impact indicators but process-related outputs and are thus not the most appropriate.

4. The OVIs contained in the logframe were strategically inserted in the guidelines merely for information and none of the applicants reflected on them in their proposals or integrated them in their logframe. Hence, no consolidated impact can be measured based on the existing OVIs. This could have been addressed through a logframe review after the grant were awarded.

The logical frameworks presented by the grantees are quite weak. Some show very little conceptual understanding of the logical framework approach, confusing SOs and result areas. Additionally the log-frames have not been amended during the pre-award phase resulting in difficulties to measure impact at the individual grant level.

Review area

Extent to which the DDNSA facilitated or improved multi-stakeholder dialogue and engagement among programme beneficiaries.

Conclusions about the dialogue

DDP component

The Project steering committee and the technical committee structures have brought together the key partners to give guidance and direction to the programme.

There were specific events/activities that offered a platform to engage with various stakeholders such as when launching activities for the LDG, radio and TV programmes, sensitisation workshops, and consultations on the decentralisation policy.

However, the MoLGC needs to be more pro-active in its co-ordination role towards other stakeholders, providing timely support and mentoring the sub-national level, establishing platforms for sharing experiences with the NSA, both at national and local level.

NSA component

The grantees do not systematically collect and report data on progress made in achieving their OVI

Conclusions about the dialogue

mentioned in the NSA-SP logframe. The absence of a coordinated, integrated monitoring and/or information system to collect data from the individual grants makes it difficult to assess the extent to which the NSA-SP is achieving its planned results at project level.

At individual grant level, there are differences in monitoring practices because of varying capacities and resources. However, that data collected are not always relevant and are mainly factual and quantitative. Additionally, there is no sufficient feedback allowing for possible corrective measures to be applied during the implementation phase. Data collection related to gender mainstreaming is particularly poorly monitored. Should the situation not improve it will be impossible to carry out a gender impact assessment at the end of the programme.

Considering the difficult context in which they work, the grantees have proven to be remarkably flexible in adapting strategies, schedules and activities to address the extraordinary number and variety of implementation barriers they encountered. The grantees however managed to strategically capitalise on opportunities and quick wins, which facilitated the transfer of project benefits to the target groups. However, the grantees, despite their efforts, might not fully achieve their project objectives and the overall NSA-SP PP because of the absence of coordination and integrated knowledge management, the lack of information sharing both at the local and national level. Additionally, the sub-optimal support of local authorities and of DDP and the existing institutional challenges hamper the achievement of the grant objectives.

5.5 Impact

This criterion examines the extent to which the benefits received by the intended beneficiaries brought about change in their performance. What is the contribution of the programme to the overall objective? What impact the programme had on strengthening of the institutional and human resources capacity of the beneficiaries? What is the level of achievement of results within the set time frame? Were there unanticipated results (positive/negative) yielded by the programme and what were the consequences on the achievement of the purpose? Are there data available to measure this impact? Did indicators to measure impact exist, and if so, were they appropriate?

Review area

Real and prospective impact of the success delivery of the programme.

Availability of a clear and effective process for supporting institutional capacity for decentralisation in Lesotho.

Conclusions about Impact

DDP component

The institutional capacity development interventions included targeted training, awareness raising, study tours, participation in an international tailor-made seminar (The Hague) and setting up a cooperation between the Ugandan and Rwandan administration. However, the benefits of these will only be fully visible when devolution takes place.

The interventions under the LDG included capacity development activities which, however, did not focus on the essentials of the decentralisation as defined under the DDP, which are PFM and the development of business processes of decentralised services.[47]

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[47] The major areas covered are planning and budgeting, financial management, Procurement, monitoring and evaluation, internal and external audit. The rest of the subjects are additional such as Human resource management, asset and

Conclusions about Impact

In 2014, from a total of M 2,451,167.45 **only** M 375,209.00 or **15%** of resources of the Capacity Building Grant were directly allocated to activities **related to PFM** (including procurement).

The CB needs at the local level were identified. However, a comprehensive institutional capacity development strategy and its content still needs to be developed. Future interventions should be solely guided by the needs deriving from the roll out of functions and should relate primarily to the development of business processes that will guide the operations of the local government administration. The DC administration will need strong PFM skills and knowledge about PFM processes in order to be able to manage the financial flows that will accompany the devolution of services of the 7+1 pilot sectors.

Once this has been completed, a comprehensive capacity programme will need to be prepared with provision of additional funding to accompany the decentralisation process, over and above what DDP is now able to finance. The programme is expected to be implemented jointly with LIPAM; a process of cooperation put on hold pending internal leadership challenges and with other training institutions (Accountancy Institute, University).

Review area

Can it be demonstrated how decentralisation contributed to poverty reduction (AF, p4)?

Conclusions about impact of poverty reduction

DDP component

The policy was adopted only in 2014 and no transfer of competences has been realised thus far.

It is expected that for the budget year 2016/2017, 7+1 line ministries shall decentralise functions of service delivery to the DC, including financial transfers and relocation of functionaries. An impact assessment will therefore only be possible at the earliest in December 2017.

It is too early to assess the contribution of decentralisation to poverty reduction. At the time of this MTR, LDG funded projects that were being implemented for less than 3 months; although not focused directly on poverty alleviation the secondary impact of these projects will be the improvement of living conditions of poor populations (for example, access to clean water is a basic condition for improving economic well-being).

NSA component

Some of the components of the NSA-SP aim directly at poverty reduction (such as IGA) but the activities foreseen under the grants that could impact on poverty reduction are still to be implemented (PPP). Their direct impact on poverty reduction is however questionable because the focus of the CfP is more on holding government accountable and shaping development agenda of LAs rather than CSOs actively taking part themselves in poverty alleviation activities. The OO of the NSA-SP was solely to "complement the support provided by the DDP to local government" not to address poverty itself.

Review area

Extent to which the programme **created added value and synergies** and encouraged a division of labour/partnerships with government, and other donors.

Interventions needed to enhance value addition.

records management, customer/client oriented service delivery. The additional training are a clear indication of the capacities that are lacking in PFM

Conclusions about Added Value

DDP component

There exists close cooperation among different development partners; EU, UNDP, UNCDF, GIZ and UNICEF; there are currently no other partners active in the decentralisation sub-sector in Lesotho.

The MoF is involved in the implementation of the LDG and cooperates with the MLGC.

There is however an urgent need to establish a joint government/development partners forum to discuss decentralisation and more precisely the mid-term perspectives of further support and under which conditions and compared to which performance indicators. The EU Sector Budget Support under EDF11 to the Water and Energy sector where decentralisation could be mainstreamed may be a partner on the longer term.[48]

LDG will need to focus on Local Economic Development and seek ways to establish an institutional setting that will allow for mobilising local financing and creating PPPs and finding innovative ways to unlocking domestic capital. Technical Assistance will certainly be needed in the future to support this strategy on institutionalising the LDG to become a Local Development Fund.[49]

NSA component

At this stage, synergies with DDP and other programmes are limited. However, LDG will create opportunities for CSOs to engage and create a strategic partnership and interactions. To achieve this, the LDG managers will have to become more aware of the CSO processes. CSO currently feel side-lined by LAs as none of the priorities identified through community participatory processes at CC level were taken into consideration when selecting the LDG projects.

Review area

Indirect benefits of the programme and linkages with other development sectors.

Extent to which there been sector wide benefits from implementation of the programme.

Conclusions about cross sectoral benefits

DDP component

At the local level, the LDG is used for funding a variety of projects related to various sectors. LDG is a non-sector specific grants system and it is based on discretionary decision by the DC on basis of priority of the communities as identified at CC level.

The LDG was meant to start with pilot districts. The programme however is now covering the entire country.

The devolution process however has started with 7+1 line ministries and hence the project is highly likely to have a number of sector wide benefits.

In line with the programme objectives, partnerships with the private sector were established on local and national level.

The devolution of functions and resources in other sectors will be informed by the lessons learnt from the programme.

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[48] This sub-group could have a chair who attends the Development Co-ordination Forum and provides feedback and updates to the bigger group.

[49] This may tap into the UNCDF's team of Regional Technical Advisors

Conclusions about cross sectoral benefits

NSA component

Increased social accountability skills are visible across all sectors. Reports from community parliaments and community dialogues indicate that the demands of communities are not restricted to social services but address all aspects related to the progressive realisation of socio-economic rights at local level. They include also elements of enforcing civil rights such as the right of access to information, transparency and the fight against corruption.

Review area

Extent to which programme management and delivery of modalities facilitated ownership of outcomes at country level.

Conclusions about ownership

DDP component

The programme management and modalities brought the programme closer to the people through awareness raising, planning and implementation processes at the local level through the LDG supported projects.

NSA component

The selected modality (CfP) is not conducive to creating ownership of outcomes at the country level. However, individual grants are actively contributing, through community-based interventions, to ownership.

Review area

Lessons learnt from the implementation of the DDNSA.

Conclusions about Lessons Learnt

DDP component

The establishment of the project set-up and management arrangements took a long time.[50]

The technical expertise provided by the project was qualitatively high and contributed to fast tracking delivery despite the time lost at the beginning of the programme.

Programme management by UNDP and UNCDF needs to be strengthened and be physically and operationally embedded in the MoLGC.

DDP needs to refocus its intervention on the essentials of decentralisation: PFM and Business Processes of devolved functions of the 7+1 pilot ministries.[51]

NSA component

Lessons learnt from implementation of the NSA-SP indicate the need to combine a grant component with a non-grant component. This will increase coordination, aid effectiveness, capacity development, M&E and facilitate the involvement of grantees in the DDP activities what will results in synergies and

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[50] This was also affected by the electioneering process in 2012 which ushered into office new leadership in MoLG, MoF and MoPS who are key partners in the programme

[51] This is what the programme is doing but the MTR found the processes and interventions still in the early stages of establishing the basics as foundations for local governance systems

Conclusions about Lessons Learnt
complementarity between the two programmes.

5.5.1 Specific areas: Component 1 – Governance

Review area

State of affairs with the rollout of IFMIS at district level.

Conclusions
The IFMIS system is still undergoing upgrade and is not expected to be rolled out on DC level before early 2017.[52]

Review area

Capacity building actions undertaken.

Numbers, duration, content.

Conclusions about Progress of Capacity Development
In total, 35 training and awareness raising workshops (2-5days), one international training (5days) at the Hague Academy and one international study tour (5days).   Training delivered and for which curricula have been developed by DDP: • Introduction on the DDP objectives, outputs, structures, roles and responsibilities of the various actors in the programme   • Planning and Budgeting   • Financial Management – preparing reports and reconciliation   • Monitoring and Evaluation   • LDG Management – and the capacity development grant   • Minimum conditions and performance measures – assessment process and dissemination of results   • Reporting – financial and narrative   • Procurement   • Inspection   • Internal and External Audit   • Decentralisation and local governance   • Change management and leadership   • Environmental impact assessment

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[52] A uniform PFM software should be implemented as soon as possible since a lot of resources are beginning to flow to the local authorities

Conclusions about Progress of Capacity Development

• Ethics and integrity – fraud and internal control

Other content planned to be developed and delivered:
• Human Resource Management in LGs
• CSOs and Public / Private Sector Partnerships
• Data Collection, Records and Data Management
• Gender awareness and budgeting
• Institutional and organisation analysis
• Urban management and planning
• Legislation in LG and drafting of secondary legislation
• Community Participation & Mobilisation
• Revenue Mobilisation in LG
However, only 15% of the budget of the Capacity Building Grant of the LDG were related to PFM and too few CB activities under DDP were PFM focused. DDP should focus exclusively on PFM and Process Development.

Review area

Change management support: what was done, who and how many were involved?

The perception of the national and local beneficiaries on change management.

Conclusions about Relevance about change management

This is a work still in progress – Two workshops for the local authorities were conducted but the bulk is yet to be done both at national and local level as devolution begins to happen.

When introducing the business processes related to devolved functions attention will need to be given to change management and HRM. Instead of organising specific training sessions, out of context, Change Management and HRM are processes that need to be addressed in practical terms (learning by doing) when the new business processes and administrative procedures will be introduced.

Review area

Positions and number of staff transferred from central to local levels.

Profiles.

Conclusions about staff transfers and decentralisation of Human Resources

No staff has yet been relocated. The 7+1 ministries are unpacking their functions and the plan is to gazette these by November 2015 in application of the new organisational chart of the District Administration which is included in the National Decentralisation Policy. This will be followed by a transfer of staff (and budgets) at the start of the next budget year 2016/2017 at the latest.

Review area

Sustainability indicator of training and capacity building actions (who works where now?)

Conclusions

Conclusions

The decentralisation process is dynamic with ongoing changes in policies, legislation and regulations. Therefore, a continuous programme of capacity building needs to be formalised.

The plan is to secure and render permanent the involvement of the Lesotho training institutions such as LIPAM, the National University of Lesotho (NUL) and the Lesotho Institute of Accountancy to deliver a clearly defined set of training courses.

The involvement of LIPAM is planned but the longer-term engagement (MoU) will only be confirmed after the institutional capacity assessment has be carried out.

Review area

Measure of increase of local revenues

Conclusions about Revenue Collections

Should the Local Authorities be able to collect and manage the local revenues, these will certainly increase. Currently local authorities are not motivated because all collected revenue is sent to the MoLGC. The only exception is Maseru City Council which is collecting taxes and fees (13mio LSL).

Review area

Number of districts and community councils supported through local funding.

Conclusions about coverage

The programme covers all the 10 districts and Maseru City Council

There are eight districts and Maseru City that qualified for the first round of the LDG. All districts however were given the capacity building grant.

Review area

Percentage of the transferred resources to local level.

Conclusions

No data available. The LDG represents only 4% of total amount of capital funding transferred to the local level.

Review area

Adoption of formula of inter-governmental transfers.

Conclusions about progress of the Inter-government Formula allocation

The fiscal decentralisation framework is yet to be developed.

Under the LDG a 3-factor formula is applied – population 45%, Poverty count 40% and land area 15%.

Review area

Number of line ministries supported in decentralisation.

Conclusions

MoLGC – Implementing partner

MoPS and MoF – responsible ministries in the programme – LDG and capacity development.

The Government has decided to pilot the process of decentralisation with 7+1 Ministries, namely:

1. Ministry of Health
2. Ministry of Social development
3. Ministry of Forestry and Soil Conservation
4. Ministry of Mining
5. Ministry of Local Government and Chieftainship
6. Ministry of Energy and Meteorology
7. Ministry of Water
8. Ministry of Public Works

5.5.2 Specific areas: Component 2 – Fiscal Decentralisation

Review area

Taking into account the current limited level of fiscal decentralisation, the main objective of the MTR was to identify:

▪ what the capacities are locally (people, structures, procedures) that will enable the DC and CC to actively manage the funds from the GoL <u>and</u> through the LDG,

▪ whether these capacities are sufficient to ensure financial traceability and accountability, and,

▪ whether there is sufficient capacity to manage projects (from identification through implementation and monitoring and evaluation).

Conclusions on Fiscal Decentralisation

More qualified staff has to be recruited or transferred from the centre to the councils to reflect to the proposed decentralisation of functions. Public Finance Management capacities at the district level to manage the proposed sector reform is overestimated.

The capacity needs assessment for "Fiscal Decentralisation" and public financial management at the local level are assessed at two different levels:

1) The Capacity of local government units (DC and CC) to conduct basic public financial management operations: budgeting, reporting, auditing, procurement and management, not only for DDP/LDG but also for all transferred national funds.

2) The assessment of progress of the new LG structure with a Mayor, vice major, DCS and technical directorates, and the extent to which the newly unpacked functions of the pilot line ministries will be locally exercised.

The MTR conducted interviews and a PFM capacity Needs Assessment workshop with 22 Local Government officials (Finance Managers and Accounting Officers) analysing: Budgeting, Accounting, Auditing, Cash Management and Revenue Generation.

The conclusions are that PFM capacity is very limited and that the capacity development activities targeting the LG need to be intensified. The capacity development actions conducted under the LDG component are not sufficient and not sufficiently focused to guarantee good management of the decentralised funds by local government. Additionally, the DDP should ensure that CB grants are really used to strengthen the capacity of Districts to manage funds, instead of capacity development on a wide range of questions. Capacity development as a program should focus on public financial management officials. The training programme must be based on a systematic approach, aiming at applying identical tools, software, operational manuals, and reporting templates in all DC.

MTR recommends, in addition to the LDG, to launch a separate comprehensive CB programme financed under the

Conclusions on Fiscal Decentralisation

DDP to ensure capacity development of LG in PFM.

To increase relevance and accountability of the DDP, there is an urgent need to focus on an integrated approach for capacity building at District level, covering all common PFM tools for budgeting, cash book keeping, single reporting mechanism and entry recording, basic IT skills. Human resource capacity needs to assessed, on beforehand, to make sure the "right people are trained for the right job". Consequently, a common training programme needs to be delivered to all districts to ensure that in each district uses common software (pastel/excel/etc.), that identical processes are introduced in all districts for reporting, budget management, internal auditing manual, external auditing; particular training programmes for individual district offices should be developed following a performance based self-assessment improvement plan.

There will also be a need for specific on-the-job assistance to ensure financial traceability of the different Local Development Grants.

Annex 10 provides a consolidated table with Capital Investment and Recurrent Expenses transferred to the local level. This consolidated matrix together with resources and criteria for allocation should be used by MoLGC to discuss reallocation and equalisation formula to be shared with DC and CC to monitor progress of funding and policy implementation.

Review area

Which fiscal decentralisations actions were undertaken? Numbers, duration, content?

Conclusions about Fiscal Decentralisation relevance and coherence

1/ **The design of the local development funding** mechanism (LDG) has been finalised. This action is relevant and has shown good progress, effectiveness and has a significant impact.

Additional actions conducted relate to the "Technical design, conditions, performance measures". There is a significant progress and it is a relevant toolset to improve decentralisation. These actions have a relevant direct implication on "Fiscal Decentralisation", but are not designed to provide a performance based allocation of incentives. Additionally, to increase relevance, the mechanism should be transformed into a national tool, where the other capital investment funds transferred to the DC and CC are also analysed as a consolidated package of funds.

The LDG design is not yet embedded in the national capital investment funds (social policy) context. This also applies to the global, capital investment and recurrent budget grants. Therefor the "impact" of the "allocation formula mechanism" on decision-making is still limited.

The DDP shows a good level of effectiveness and progress according to the activities conducted. Guidelines for conducting the assessment of minimum conditions and performance measures were prepared, published and disseminated. These guidelines have a direct implication on fiscal decentralisation but only apply to LDG and have not been contrasted or compared with other grants. They provide a good starting point for managing funds but are limited incentives to LG, especially because they are not performance based, but compliance based.

Some progress has been made in training of the key staff from the MoF and MoLGC on the LDG. However, the training did not focus on how these formula may affect the other national grants transferred. LG finance officers should receive additional training.

The LDG training handbook for local authorities" has been prepared, published and disseminated with a consequent training on the use of the handbook. The training would be more relevant if it were designed for enhancing Fiscal Decentralisation rather than only for managing the grants. It should also include training on reporting and budgeting and PFM at the local level aligning and harmonizing practices to ensure sustainability and ownership.

The first annual assessment (validation of the requirements) of Districts was conducted in 2014 and the second is currently being conducted.

The 1st LDG grants were officially announced and handed over to local authorities in February 2015.

2/ **Assessment of decentralisation**

The DDP produced a relevant document reviewing the current system and proposed more appropriate tool of financial management. The DDP should focus now on implementation to increase the relevance and effectiveness of these studies. No follow-up and policy recommendations have been made after the report.

Conclusions about Fiscal Decentralisation relevance and coherence
The diagnostic assessment of the status of Decentralisation (institutional and fiscal) was conducted but with very limited implications on the National Decentralisation Strategy and Action Plan. The recommendations are still to be fully implemented.
Some of the proposed principles, such as a system of providing incentives and reward allocation formula are being piloted under the LDG Output 1.
A significant highlight of the DDP is the production and completion of the National Decentralisation Policy (including decentralisation model) developed in partnership with GIZ. To increase the relevance, coherence and sustainability of the implementation strategy, the policy and strategy should be accompanied by a full costing exercise. The government (MoLGC and MoF) should present a detailed budget on how this strategy, containing a significant and relevant reform programme for decentralisation, will be financed (Public Expenditures, taxes, donor funding). This should be consolidated in a Mid-Term Expenditure Review and Investment Plan.
Actions related to developing a solid capacity building programme to assist the councils are limited. Local Councils capacity building grants, as they are currently designed, will have a limited impact on the capacities of the DC in the area of PFM and capital grant management.

Review area

Degree of increase of financial responsibility of local institutions.

Conclusions about effectiveness of Fiscal Decentralisations
The financial responsibility of the LG has slightly increased and there is a positive reaction of the DC. Impact is still limited.
The number of districts and community councils supported through the local funding is significant; 8 out of 11. Only 3 DC have not complied with requirements during the first year of LDG

Review area

Appropriateness of the levels of revenues either raised locally or transferred from the central government.

Conclusions
The objective of the DDP was to strengthen the capacity of the DC and CC to manage funds. The resources flow to local levels as a proportion of the total national development budget. The impact is not significant but improvement in project and financial management is positive.

Review area

Fiduciary aspects of the implementation of the Local Development Grant (LDG) that may affect the decentralisation program.

Linkage with on-going or planned reforms.

Conclusions
The flow of funds from the centre is clear and accountability exists both towards the central administration and towards the citizens. Tenders are published on public places and in the media.
Tracking of expenditures is monthly reported upon.
The Reports of The Auditor General are delayed. Only for the budgetary year 2012-2013 and 2013-2014, the Office of the Auditor General has conducted the External Audits of the Districts. During those years the DDP capacity building was not yet delivered. Any substantial recommendation coming from these external audits on the consolidated financial statements of the District councils should be swiftly incorporated into the national decentralisation

implementation plan and measures taken should be formalised to become part of the support programme in the DC.

5.5.3 Specific areas: Component 3 – Civil Society Capacity Building

The mid-term review:

- provides a good understanding of the role, understanding and involvement of the CSO in the actual implementation of the 4 grants and the LDG projects (their advocacy role during implementation, their participation in identification and planning);

- analyses how CSO are involved in the monitoring of the decentralisation process on the district and community levels, and

- analyses how the interface NSA-DP/DDP has been working.

Review area

The capacity building actions that were undertaken under DDNSA are assessed.

How the programme design contributed to a consolidated, traceable and measurable impact of the NGO component considering the difference in nature, type, capacity, focal areas of the different NGO grants.

Conclusions

Due to the reactive nature of the CfP process and the way the guidelines were formulated (i.e. no division into lots for instance) OO, SO, results and activities, nature of NSA and geographical areas of interventions cannot be prescribed; hence, at the end a variety of interventions with 2 grantees (out of 4) managing 82% of the total call amount. While the 4 grants cover the 3 priority areas of the call, none of them link their action directly to the SO of the calls or reflect this in logframes. It refers to the indicative OVIs that were mentioned in the guidelines (these OVIs are the same as the ones in the TAP of the NSA-SP). Since no systematically integrated monitoring is enforced across the 4 grants (and there is no one to enforce it contractually), there is no consolidated impact of the grant component of the DDPNSA.

Review area

How NGO financing mechanism are implemented under the DDNSA to ensure highest impact and realisation of the project purpose (and exploration of alternative mechanisms).

Conclusions

The CfP Guidelines include the same objectives and purpose of the call as declared in the NSA-SP component of the DDPNSA TAP.

The weak coordination mechanism at the DDP level from the inception phase of the grant prevented the implementation of a standardised approach in line with the FA. It would have been difficult in any case for the DDP management team to enforce such a mechanism as they have no contractual relations to the grantees. The grantees' contractual obligations to the EUD do not oblige them to engage with each other, during their own time and with their own resources, and to review their individual project plans, to ensure alignment with a FA (that they are in fact not party of).

EUD could have engaged grantees directly, as the contract supervisor for the benefit of an integrated approach to measure impact of the four grants jointly. It could have been done also directly or through a

Conclusions

technical assistance (Short term) or better, through establishing a non-grant component of the NSA-DP managed by TA with responsibility to coordinate all horizontal actions across the 4 contracts, including but not limited to M&E and impact assessments. Other task that could have been conducted under the non-grant component of the NSA-SP programme could have dealt with effective inter-grantees coordination, strategic input into DDP process, capacity building of grantees (in M&E and in other problematic areas such as reporting, resource mobilisation, documentation, knowledge management).

Review area

How does the NGO component of the programmes measure up against and/or is impacting on the traditional qualitative local governance criteria (effectiveness of service delivery, enhanced accountability of local government, structures, transparency and rule of law at local level, participation of all citizen at local level, and equity) in terms of deepening decentralisation and local governance.

Conclusions

It is early to measure the impact of the NSA grant component of the DDPNSA against the local governance barometer standards, due to

(1) delayed inception caused by political instability (approx. 3 or 4 months with little activity carried out at local level)

(2) traditional slow start of the disbursement due to recruitment of project staff, procurement of equipment, (re-)negotiations of MoU partnerships tested in the 1st months of implementation,

(3) methodological approach of the 4 programmes (all starting by baseline, identification of target groups and negotiating entry at local level resulting in actual change management process being postponed to Y2.

That being said, one can note the following:

i. The focus of the projects is on constituency building and social development approach (organising communities into interest groups or mutual interest groups) which, if it does in the long-term impact on social fabric, only affects indirectly local governance.

ii. Training, public education, skills development and awareness raising interventions do provide an impetus for communities to engage in local democracy but that relationship is not automatic as it assumes that the local governance system is both culturally and institutionally responsive to communities' efforts to engage with its local authorities. This is far from being the case in Lesotho where the institutional framework remains largely unknown. And when institutions have been established for engagement and dialogue between communities, groups and local authorities, they are largely dysfunctional (re. District Development Coordination Committee).

iii. The quality of the engagement also depends on the spirit in which the local governance reforms are conducted. They have been perceived by many, especially in rural areas, as being in opposition to an ancestral system of traditional authorities and challenging the existing order. The current reluctance of the Chiefs to take part in decentralisation reform highlights this problem. Local government is perceived also as politicised and driven by central government.

Review area

How the systemic capacity challenges, faced by local CSOs, affected the project outputs and the programmes' deliverables.

Conclusions

The four grantees represent the most capacitated and organisationally mature organisations in Lesotho, and three out of four, have already managed EDF grants. However, they are similarly (and to different extent) affected by endemic problems faced by civil society locally : high staff turnover, limited institutional memory, lack of documentation and knowledge management processes, limited PCM/logframe approach capacity (and M&E) and financial uncertainty resulting from an ever decreasing resource base and donor support and heightened competition for scarce resources.

At community level, civil society groups (targets of the four grant contracts) are mostly composed of self-help groups, cooperatives or mutual-interest or single-interest organisations with poor governance structure, limited or no access to resources and with very limited capacity. Without capacity building and organisational development, they would persist to be outside the development paradigm and remain survivalist-type of organisations.

Less traditional non-state actors (organised labour, non-profit private sectors, professional associations) remain on the margins of general development and face similar challenges and are completely absent from the CfP.

The programme has managed in the areas where it is implemented to bring traditionally excluded CSOs (small rural groups) to the forefront and make them take part. However, this materialised only in limited successes, as the issues of local governance, resource allocation to the local level, definition of local development priorities and transparency are still distant to these groups. Whether this is "complementing the support provided by the DDP to local government" (which is the programme purpose) is however questionable, as it is not reported upon.

Review area

How the role of the CSO in deepening decentralisation as envisaged in the programme is implemented and brings added value to the decentralisation reforms in the absence of a comprehensive legal role for NSAs in the decentralisation process in Lesotho (with the exception of the initial consultative community participatory planning process foreseen in the act of 1997).

Conclusions

Considering the following factors,

1. absence of a conducive regulatory framework for civil society engagement;

2. the dysfunctions of the current provisions for CSO participation in local governance institutional and legal framework (DDCC);

3. the challenges of accessing information from councils and in access to administrative information in Lesotho in general;

4. the cultural resistance of CSOs and communities for more "robust" forms of engagement;

5. the uncertainties of the current legal provision on decentralisation reform ("who does what") especially with regards to accountability mechanism, staff transfers and pace of the reform,

there is little room for action for CSOs within the decentralisation reform process beyond what they are already doing.

The current project is clearly perceived as putting pressure on LAs, which is often construed as being unproductive or unnecessary by local councils themselves. Social accountability is perceived as meddling into local government business and perceived as being a donor-driven process, often being the object of political instrumentalisation. CSOs have sometimes been met with negative and unconstructive reactions from local executives and councillors. However, in some instances, CSOs are recognised as critical partners for local development, especially if they limit or restrict their activities to service delivery or

Conclusions

poverty alleviation programme. There is however an emerging trend recognising the role that can be played by CSO in "organising" citizen participation and channelling citizens' concerns into government' fora.

5.6 Overall quality & Sustainability

This criterion refers to the ability and capacity of beneficiaries to implement the outcome of an activity once the core support comes to an end, and verifies whether the design and orientation of programme activities are based on the principle of building sustained capacities in beneficiaries. The analysis focusses on ownership of the objectives and achievements and to what extent the programme improved the institutional capacity of the local authorities (financial and administrative).

Review area

- Sustainability of interventions undertaken during the programme and room for replication and improvement

- How the DDNSA programme be should mainstreamed with other policy support processes at country level, beyond the current programme.

- Additional needs and special approaches for adaptation and replication of the programme's approaches.

Conclusions

DDP component

Technical expertise provided by all donors involved contributed to a high quality of strategic documents (LDG guidelines and manual, Decentralisation Policy, Assessment Reports, etc.).

Proof of transfer of knowledge is not being reported and study visits (the Hague, Uganda, Rwanda) are not sufficient to achieve a sustainable result.

A more in depth analysis is needed to assess the qualities and qualifications of all HR involved in the process (this analysis goes over and above the ToR and capacity of this MTR).

Without a substantial increase of highly technical, programme management specialists who are action oriented and not required to yet again write a history of decentralisation in Lesotho, assess the capacities or deliver all-fits-well training and seminars, the technical quality in terms of practical applicability will remain low.

Without a profound effort to develop new legislation and secondary legislation, rules and procedures of administrative action and service and financial management, the level of implementation of the deliverables of DDP will remain low.

It is important to consider in another phase of the programme to consolidate the gains achieved under the current programme, especially the role of local authorities to work more closely with the private sector.

The MTR proposes a budget neutral extension of the current DDP for a period of 12 months (until end 2017).

NSA component

The likelihood of the programme sustainability is decidedly mixed. On the one hand, the programme appears to be strengthening the capacity of targeted community based organisations and of some national umbrella organisations in social accountability. These interventions can be sustained with little costs but need strong leadership. However, the chances for the activities linked to opening up the local democratic

Conclusions
space to continue after the programme are low as the related costs would not be taken up by the relevant authorities. Institutional sustainability could be secured through participation of CSOs representatives (at HOD or committee meetings) but these depend largely of interpersonal relations rather than formal arrangements. Policy level sustainability is doubtful, as the current regulatory framework for LAs/CSO cooperation, being largely dysfunctional (DDCC), is not being reviewed or amended.

5.7   Community Value Added

The extent to which the project/programme adds benefits to what would have resulted from Member States' interventions in the same context.

Community Value Added
DDP component
The added value of the European Community (EU) compared to similar intervention by EU Member States is not assessed because the project is implemented by UNDP under a Contribution Agreement. The implementing partner is MoLGC. The LDG is implemented by the local authorities and community members are involved – in terms of selection of projects, implementation, management, provision of locally available materials etc.**NSA component**
No member state is currently active in the field of civil society and local governance in Lesotho. Furthermore, with the closure of the Irish Aid office this year, there are no longer EU-member states programmes in support of civil society in Lesotho and operating from Lesotho. The Government of Lesotho does not provide funding to NGOs in the governance sector at the exception of ad hoc support to electoral education projects implemented through CSO for the Independent Electoral Commission. Some member states still provide some funding to local CSOs through their regional offices mainly for poverty reduction and Aids mitigation activities. They rely however mostly on International non-governmental organisations of which EU Member States are part, to relay support to the local CSOs (Caritas, Save the Children for instance) but also these are mainly focused on poverty reduction/ food security/ sustainable livelihood approaches. However, some of the interventions seen today from the NSA-SP grantees result from a long-standing support from member states in this area. For instance, the CCJP SCIL programme, which originated from Irish Aid support, was scaled up through the NSA-SP programme. DFID, GiZ, SIDA have also supported civil society interventions in the field of gender equality, children rights and the fight against HIV/Aids through their regional programmes or grants. Some sub-activities of the current NSA-SP projects are directly building on these achievements.
Notwithstanding the above, the member states funding has always been considered easier to access and easier to be managed than grants under PRAG grant rules which are perceived by most local NGOs to be to be rather complicated considering the local capacity of the sector. The CfP process (including two-stage process in cases of restricted call, logframe design, PADOR registration, and focus on partnership approach) is considered to be too complex, especially for smaller organisations. Similarly, the obligation for co-financing (10% in the context of this NSA-SP CfP) is perceived counter-developmental considering the status quo on resources mobilization for advocacy projects – and in general for NGO projects locally.

5.8   ALAFA – Lessons learnt

In this report the ALAFA-project is considered separately and its review is not part of the mid-term review of DDNSA because the ALAFA grants based project is already closed. The ALAFA grant project ran from 1 June 2012 to June 30 2014. A final narrative report was published in August 2014. This MTR should not to be considered as a final evaluation of the ALAFA project. The MTR draws attention to the fact that is it quite astonishing that no Final Evaluation of this project was conducted. Did the budget of ALAFA not include a provision for Final Evaluation?

The expenditure verification for the period 1 May 2013 to 31 December 2013 was conducted and its report was published by Moores Rowland – Chartered Accountants Lesotho on 20 May 2014. The total expenditure subject to verification was €949,944. No major qualified remarks were made a part from some minor issues regarding the availability of some supporting documents. The assessment made was in general positive and the management has confirmed taking note and that action would be undertaken to correct the fund management where needed.

The results and activities realised are reported upon in the "ALAFA Final Narrative Report" of August 20 2014.

A base-line study conducted in 2012 reports on prevalence being at 42.7%. The analysis was based on blood sampling of 2.819 factory workers of which 99.7% had agreed to provide blood spots. No data are made available of prevalence levels at project closure.

The ALAFA team deployed serious efforts to ensure a follow-up programme[53]:

A major focus of ALAFA activities has been furthering the process of sustainability development through communications and planning with the Ministry of Trade and Industries, Cooperatives and Marketing, the Ministry of Health, and the Ministry of Finance, as well as through discussions with partner organisations, private sector doctors and factory management. At the request of the Ministry of Health discussions of what a 'next phase' of ALAFA would look like took place, with a full model and budget developed in consultation with the Ministries and a formal proposal submitted to the Government of Lesotho

The process was frustrating as the Government of Lesotho consistently indicated that they had funding to take the ALAFA project forward but despite ALAFA's constant warnings of an imminent crisis in funding, no formal commitment from Government was forthcoming. ALAFA management held numerous meetings with senior levels representatives within the Ministry of Health and the Ministry of Trade and Industry. Finally the board of management had to take the decision to terminate programming, as insufficient funds were available to continue the care and treatment aspect of programming. ALAFA's Board of Management took this decision in April 2014 with the proviso that doctors could provide one final consultation to all workers in the month of May 2014.

Despite all efforts made, the Government had not engaged itself to financially contribute to sustaining the activities of ALAFA.

The closure of ALAFA's programming has had the effect of galvanising a response from some of the industrialists, particularly in the Maputsoe area where a number of factories have taken over the responsibility for the treatment of the HIV positive workers by contracting doctors privately to continue providing services. In Maseru there has been some movement by industrialists where arrangements with private medical practitioners varies between industrialists bearing some of the costs to workers having to bear the full cost. In some cases workers have been transferred out to receive treatment at the government clinics.

A successor project funded by the US Department of Labour, "Better Work Lesotho" was implemented in 2015 and will end in December 2015. It is a partnership project between the International Labour Organisation (ILO) and the Alliance of Lesotho Apparel to Fight Aids (ALAFA). Again, it does look like as no further funding will be available from 2016 onwards.

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[53] ALAFA Final Narrative Report, 2014, p2

The latter project built on investment in capacity and structures made by ALAFA in the past and under the EU Grant programme financed under the Transfer Agreement of Germany of the ALAFA Grant.

The Grant programme proved having a capacity of providing sustainability of its methods of intervention (peer education approach, working in close cooperation with the nurses and doctors and with factory management). It permitted BWL to recruit the former ALAFA Training Coordinator as well as experienced training consultants.

A workshop was held end of May 2015 in which a number of recommendations were shared with national stakeholders to seek their views on how they could best be implemented.

These recommendations relate to the peer education course and material; the roll-out of the peer education activity; motivation and recognition of peer educators; factory management commitment and knowledge; roles and responsibilities of different actors; revision of the condom distribution system; data recording and monitoring; HIV and AIDS workplace policy; employee wellbeing programmes; the involvement of the District Health Department; analysis why in some factories peer education stopped.[54]

To assess efficiency, effectiveness and impact of the grant project, no data were provided to allow for an objective standpoint.

A major **critical conclusion** that may be drawn from the ALAFA's intervention is that there are no data available to would allow for an objective facts-based impact assessment. The previous grant project nor the current BWL project do collect systematically data on new infection rates.

It is a major problem to assess whether "well intended" programmes that appear to be correct from a rational and scientific point of view are indeed contributing to a reduction of the rate of HIV infection in the particular context of Lesotho. The epidemic nature of the infection imposes that the donor and scientific communities ask themselves whether the intervention logic and activities realised do indeed contribute to a reduction of the prevalence of AIDS.

Although a large sample based and thus representative group of workers was tested for HIV infection, not data were provided as to which level the infection prevalence reached after the intervention.

Prevalence may indeed not be the best indicator of effectiveness of the programmes because demographic changes that appear during the project period.

The "new infection rate" measured in a continuous way during the implementation is the only indicator which would allow for an objective assessment whether the activities deployed have an effect on the targeted populations.

As long as we do not have a time line of increasing or decreasing new infection rates, it will impossible to assess impact of the project intervention.

Despite large-scale and long-term investments in providing condoms, male and female, and facilitating access to testing and distributing for free ARV drugs, the prevalence of AIDS in Lesotho is not diminishing. On the contrary. In 2016, Lesotho which is second in the world in percentage of "adults (15-49) prevalence" in 2015, Lesotho will probably bypass and be listed as the worst infected country in the world. No figures are yet available.

This finding should make all actors reflect on whether the programmes in the way they are currently deployed do indeed provide an answer to the complex challenge of fighting AIDS in Lesotho?

Despite a global reduction of infection rates of nearly one third, Lesotho's prevalence rate is still increasing. The programmes deployed in Lesotho do not appear to have any effect.

As long as "new infection rate" is not systematically assessed, it will be impossible to know whether the prevention programmes are indeed contributing to a lessening of the overall infection rate.

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[54] Final Report, Better Work Lesotho, 2015, p15 and 16

All stakeholder need to "sit and think" and then develop and try out other methods of intervention specifically developed for Lesotho.

The authors of this MTR are not qualified to make a valid suggestion in this sense. We advise to think "out of the box", implement new and try-out innovative approaches and see whether or not these do bring a difference. The impact assessment will need to be based on "facts and figures" measuring with utmost precision new infection rates and analysing, on individual basis, what the root causes are that people still become infected in high numbers.

Why not sell "self-testing kits" on a large scale which couples can use discretely and can then decide whether or not to have protected or un-protected sex. This type of programme could be tested in Lesotho with the specific target group of young people why are most vulnerable to be infected. It will also need substantial financial support as those tests are now sold at a price which is too high (about US$40 per testing kit). The scientific community will most probably oppose because of the incubation period of three weeks when this type of test is not 100% sure, but all methods should be used to embank the epidemic.

Additionally to existing aids prevention programmes which unfortunately don't show good results (condoms which men resist to use, bill boards to which nobody takes attention anymore, free access to ARV which seems to be conducive to taking more risks, leniency of the justice system in cases of women being raped or accepting unprotected sex for economic reasons or simply because of their social status not allowing them to refuse, etc.) new approaches need to be developed and tries. One might imagine a scheme where youngsters that reach the age of 18 for example, are promised a financial incentive when proving not to be infected at the age of 30 for example (this is only an example – ages should be fixed after a profound scientific analysis and all measures must be taken to avoid fiduciary risks and manipulating the results).

The Fight against AIDS must be THE priority in Lesotho and the prevention programme should be much more "aggressive" than the current repetitive and quite passive traditional schemes that are applied. With current rates of prevalence, the future of the country as a whole is at risk. In Lesotho   Aids prevention must be more than a fight, it should become a war against Aids in which the whole Nation is involved. No leniency, no more anthropological and thus becoming apologetic and almost justifying explanations of why in Lesotho "things are as they are". All sectors must become involved; not only the Health sector, also Justice and Police as in too many cases indeed women are most at danger to be infected. The results achieved in Namibia are very encouraging[55].

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[55] **Winning the battle against HIV/AIDS -** July 15th, 2015 | by New Era Staff Reporter
Namibian President Hage Geingob joined world leaders yesterday in sharing the experience of various countries in the battle against AIDS, as evidence emerged that the world community exceeded United Nations targets on halting and reversing the spread of HIV, as set out in the Millennium Development Goals (MDGs).
The Joint United Nations Programme on HIV/AIDS (UNAIDS) released an updated report on the side-lines of the Third International conference on Financing for Development in Addis Ababa, Ethiopia on Tuesday, which shows that **global HIV-infection rates have fallen by 35 per cent**, while AIDS-related deaths declined by 41 per cent.
The global response to the ravages of HIV prevented 30 million new HIV infections and close to 8 million AIDS-related deaths since 2000, when the MDGs were first set. The goal of providing HIV treatment to 15 million people by the end of this year had already been met in March, UNAIDS said.
President Hage Geingob shared Namibia's experience on the global response to the epidemic and the lessons learned over the past 15 years with UN Secretary General Ban Ki-moon and the UNAIDS executive secretary, Michel Sidibé, during the launch of the said report at the Empress Zewditu Memorial Hospital.
"Today, we have de-stigmatised AIDS in Namibia. It is no longer the proverbial white elephant in the room. As a result of this, our people opened up to voluntary testing and embraced HIV-AIDS treatment. The results were phenomenal," Geingob said.
"The world has delivered on halting and reversing the AIDS epidemic. Now we must commit to ending the AIDS epidemic as part of the Sustainable Development Goals," Ban Ki-moon said.
Geingob said Namibia's success was achieved by significant scaling up of resources on all fronts and a multi-faceted approach that includes awareness raising at a early age, HIV AIDS counselling, the extension of medical infrastructure and personnel, as well the provision of life-saving medicines.

Namibia has seen a drop of nearly 50 per cent in new HIV infections over the last 15 years; a more than 60 per cent reduction in new HIV infections among children and more than 132,000 Namibians are on anti-retroviral treatment (a coverage rate of 90 per cent).

Furthermore, 95 per cent of all women in Namibia have access to HIV medicines to prevent mother-to-child transmission. The UNAIDS report shows that the world is on track to meet the investment targets of US$22 billion for the response to the epidemic by 2015 and that concrete action over the next 15-years can end the AIDS epidemic by 2030.

Geingob singled out the United States President's Emergency Plan for AIDS Relief (PEPFAR) and UNAIDS for helping Namibia combat the HIV epidemic. "The excellent results would not have been possible if it were not for the assistance of our international partners," he said. The Namibian President further said while it is important for the international community to support Namibia's efforts, the government would continue to fund more than 60 per cent of AIDS response from its own resources.

"Going forward, we have realised the strong link between the medical response to AIDS and the fight against poverty, especially food poverty. Results of anti-retroviral treatment could be better, if some of the affected individuals have access to three meals a day.

"We have, therefore, taken the additional step of declaring war on poverty, as poverty is a contributing factor to AIDS. I believe that as we progress in to putting measures in place to eradicate poverty in Namibia, the results of our AIDS response will just improve," Geingob said. https://www.newera.com.na/2015/07/15/winning-battle-hivaids/

6. Annex 1: Documents consulted

Title	Author	Date
ALAFA EXP VERIF.pdf	ALAFA	20/05/2014
ALAFA Final Narrative report 20 August 2014.pdf	ALAFA	30/06/2014
ALAFA Full ALAFA EU Financial Report June 2012 2014.xlsx	ALAFA	30/06/2014
ALAFA Signed contract with annextures.pdf	ALAFA	22/05/2012
Constitution - final version	ALAFA	25/08/2006
Evaluation Report FINAL Epicentre 25 June 2012-1	ALAFA	01/06/2012
Questionnaire mid-term review DDNSA - stakeholders DBawden Responses	ALAFA	07/06/2015
MLG STU Preliminary analysis of Fiscal Decentralisation in Lesotho, RIAZ KHAN, January 2011.pptx	Author	01/01/2011
DFID RWANDAPresent - Bill Frazer	BF	01/01/2009
OPTIONS AND RECOMMENDATIONS PAPER FOR FUTURE DFID RWANDA TECHNICAL ASSISTANCE TO THE NDIS - Bill Frazer	BF	17/12/2009
Public Financial Management Reform - Bill Frazer	BF	01/01/2012
The Basics First Approach PFM - Bill Frazer	BF	SD
ALAFA BWL HIV AID Peer Education Re-activation in factories participating in BWL - Final Report	BWL	31/05/2015
CCJP Copy of Cash Forecast Revised.xls	CCJP	15/01/2015
CCJP Interim 2014 report 329300.xlsx	CCJP	29/01/2015
CCJP Monitoring report 2014.doc	CCJP	13/11/2014
CCJP Progress ReportApril2014.docx	CCJP	17/04/2014
CCJP SignedContractCCJP2013 329 300.pdf	CCJP	16/10/2013
CBG Financial Summary Sheet Butha Buthe	DC BB	05/06/2015
LDG Financial Summary Sheet Butha Buthe	DC BB	05/06/2015
Berea District Council Financial summary as at 05 June 2015	DC BE	04/06/2015
DDP Report 2013 5 Lesotho DDP annual Expenditure Report 31st Oct.xlsx	EU	31/10/2013
DDP Report 2014 5 DDP Annual Financial Report - EU 31 Oct 2014.xls	EU	31/10/2014
EU Annual Action Programme covered by the programming document National Indicative Programme for the 10th European Development Fund in favour of Lesotho for 2011.pdf	EU	19/12/2011
EU CA 283 774 DDP.pdf	EU	26/10/2012
EU csp-nip-lesotho-2008-2013_en.pdf	EU	09/07/2007
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Evaluation of the European Union's Co-operation with Lesotho 2008-2013 Final report	EU	01/05/2015
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Public Financial Management and Accountability Act 2011	GOL	01/01/2011
Public Service Act 1995	GOL	01/01/1995
Public Service Act 2005	GOL	01/01/2005
Public Service Regulations 2008	GOL	01/01/2008
MLG STU Lesotho_LED_Stocktake_Report.pdf	GTZ	01/04/2008
LIST OF LALA REGISTERED MEMBERS INTERIM NEC	LALA	SD
REGISTERED CONSTITUTION OF LALA 280415	LALA	28/04/2015
REGISTERED LALA COVER PAGE	LALA	28/04/2015
LCN Expenditure Verification Report.pdf	LCN	19/01/2015
LCN Interim Narrative Report Oct 20113 Sept 2014doc.doc	LCN	04/11/2014
LCN SignedContractLCN 2013 329 178.pdf	LCN	18/10/2013
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Final Partnership Policy revised - 05052015 - rr	MDP PCM	05/05/2015
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Project Cycle	MDP PCM	
PROJECT Implementation schedule and reporting forms 2009-2010	MDP PCM	
PROJECT PROPOSAL FORMAT doc	MDP PCM	
PSIC instructions to MPU	MDP PCM	
PSIC Project Appraisal Guidelines - Draft 1	MDP PCM	

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DDP Report 2013 2 DDP Progress Report - 2nd Quarter April to June 2013 (2) -UNDP format.doc	MLGC	30/05/2015
DDP Report 2013 2 DDP Progress Report - 2nd Quarter April to June 2013.doc	MLGC	01/07/2013
DDP Report 2013 3 Highlight Report 3rd Qtr July to Sept 2013.doc	MLGC	01/10/2013
DDP Report 2013 4 DDP Highlight Report 4th Quarter 2013.docx	MLGC	30/05/2015
DDP Report 2013 5 ANNUAL PROGRESS REPORT DEC 2013-REVISED.docx	MLGC	01/12/2013
DDP Report 2013 5 DDP ANNUAL PROGRESS REPORT 2013 - Signed.pdf	MLGC	
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DDP Report 2014 2 Highlight Report 2nd Quarter 2014.docx	MLGC	01/07/2014
DDP Report 2014 3 Highlight Report 3rd Quarter 2014.docx	MLGC	01/10/2014
DDP Report 2014 5 LSO DDP - 2014 Annual Progress Report - EU.docx	MLGC	31/10/2014
DDP Report 2015 2nd QT Workplan	MLGC	01/04/2015
DDP Report PTC 16/1/15	MLGC	16/01/2015
DDP Report PTC 17/10/13	MLGC	17/10/2013
DDP Report PTC 17/4/14	MLGC	17/04/2014
DDP Report PTC 19/9/13	MLGC	19/09/2013
DDP Report SCM 13/02/2014	MLGC	13/02/2014
DDP Report SCM 18/04/2013	MLGC	18/04/2013
DDP Report SCM 20/01/2015	MLGC	20/01/2015
DDP Report SCM 23/9/14	MLGC	23/09/2014
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Diagnostic Assessment Decentralisation Lesotho - signed	MLGC	01/04/2015
LDG Assessment Local Governments on Minimum Conditions for LDG.docx	MLGC	02/04/2014
LDG DDP - LDG Projects.docx	MLGC	01/01/2015
LDG Guideline for assessment of local governments on the minimum conditions and performance measures to access the LDG, February 2014.pdf	MLGC	01/02/2014
LDG Operating Manual.pdf	MLGC	01/05/2014
LDG Participants Training Handbook for Local Governments	MLGC	01/02/2014
Lesotho Decentralisation-Situation Analysis	MLGC	01/12/2013
Letter of exchange - Lesotho Request to Rwanda	MLGC	26/01/2015
Letter of exchange - Lesotho Request to Uganda	MLGC	26/01/2015
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Report on the Sensitisation of Line Ministries on the National Decentralisation Policy	MLGC	SD
The National and local level Service Delivery Survey in Lesotho	MLGC	31/03/2015
Uganda and Rwanda Study Report - final	MLGC	01/04/2015
Unpacking functions - A Report of MoLGCPA Retreat	MLGC	17/06/2014
LGNSP 2011 final report.doc	Particip/EU	27/10/2011
SACL 2013 328 396 Year 1 Interim report Final.xlsx	SACL	16/12/2014
SACL Cntr FED-2013-328-396 Year 1 narrative interim report final.doc	SACL	16/12/2014
SACL Copy of FED 2013 328-396 revised Log Frame - Copy.xlsx	SACL	16/12/2014
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SACL DDP 2nd Q report (2).docx	SACL	08/09/2014
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7. Annex 2: SWOT Analysis for DDP and NSA components

In order to summarise the current assessment, made on the basis of a documentary analysis (more than 3000 pages) that includes most technical and financial reports, policy papers and technical studies, minutes of Project Technical Committee and Programme Steering Committee meetings and on the introductory meetings held with the major stakeholders, a SWOT diagram is the best way to summarise and present concisely our standing and understanding of the DDNSA implementation.

In order to address the different components of the DDNSA the MTR proposes to present four (4) separate SWOT diagrams. One may have to take into account that there are overlaps and that indeed three out of four components (keeping ALAFA aside as a separate component) are closely linked with each other.

The four components for which a SWOT diagram is presented are:

1. Deepening Decentralisation Project (DDP)

2. Public financial management and decentralised funding under DDP (LDG)

3. NSA Grants with four main grantees (LCN, LNFOD, SACL, CCJP)

7.1 Institutional aspects of DDP

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Identification and formulation			
- DDNSA build upon earlier support to decentralisation programme - Decentralisation supports core values of democracy and subsidiarity of service delivery, increasing involvement of citizens in development and poverty reduction, makes it more likely that the decisions are taken and investments made that respond to the needs of citizens - Strengthening the involvement of NSA allows to mobilise in a structured manner citizen participation in Government decision making	- DDNSA was perceived as a continuation of a previous EU project (LGNSP) which has been only partially successful, mainly due to the difficult political situation and the lack of good understanding of the process of decentralisation, at a time when there was no policy formulated - LGNSP was not sufficiently integrated with the national structures of Lesotho - Overall LGNSP was not considered by the EU successful for it lacked ownership of MoLGC (the project, however, recorded some achievements on the rural level with CSO) (re. evaluation report) - The DDPNSA was not aligned with the National Decentralisation Strategy or Implementation Plan. Therefore, the coherence is much more limited. A road map with common targets and milestones would have contributed to an increased level of consistency during implementation. This is also a factor for limited relevance of the actions.	- The Donor Community is certainly aware of the fact that further support to decentralisation and good governance will be necessary. Experience worldwide shows that such fundamental reform processes take 10 to 15 years to bring the desired results. - The gradual sensitisation of NSA and through these Basotho as a whole will create demand towards the GoL to pursue reforms and provide more leverage to the local levels.	- EU EDF11 has only limited funding for decentralisation (concentration areas: PFM, Energy, Water, Governance) - No future support to decentralisation is at this point in time formulated. Although 12/2016 seems far away, it is necessary already at this stage to identify and formulate the follow-up support programmes for decentralisation, funded from other than EU sources, while GoL will need to show before end 2015 that decentralisation remains highly on the political Agenda - This needs to be balanced with Government Public expenditures figures committed to the devolution, "fiscal decentralisation" etc., with a clear Medium Term Public Expenditure scenario.
Programming			
- the cooperation agreement with UNDP/UNCDF and transfer	- Differences between "house style" and procedures between UN system and	- A well established and experienced network of national experts and high	- There is limited time available to identify and mobilise future support from donors

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
agreement with GiZ has proven to be a wise choice as a modality of implementation as UNDP has a strong presence in Lesotho with highly qualified and experienced national staff (the senior governance advisor of UNDP was also part of the formulation team) - pooling resources from different donors (EU, UNCDF, GiZ) and from GoL (10% participation in LDG projects) resulted in a substantial budget (more than 14m€ together for a longer term and sustained work on decentralisation - the chosen modality for implementation is in line with the principles for development cooperation set out in the Paris/Accra declarations	EU are relatively significant and lead to unease between EU/UNDP - GiZ capacity to provide highly technical support is weakened by the fact that the currently running DRDP is quite short on financial resources to make a substantial difference and because DRDP is phasing out in December 2015 - GoL financial capacity remains weak both at central and DC level - MoLGC has not yet fully integrated its role as PMU and as a result a substantial part of Project Management support remains with UNDP, UNCDF and EU	level civil servants may allow to DDP to be better performing during its next 18 months of implementation - The National Strategic Plan for Decentralisation sets a strong policy and regulatory framework for progress. The DDP should align actions to the NSPD	for Decentralisation as they are already programming their support or have already done so for the period after DDNSA is supposed to finalise (end 2016). There is no evidence (at the time of drafting of this report) that GoL has engaged in discussion with the donor community about possible funding support.
Financial Management			
- financial management systems of an international organisation	- Traditional budget management per budget line and not ABC / ABB system Activity Based Costing / Activity Based Budgeting) - No programme based nor results oriented budget management.	- sufficient funds with DDP remaining to support refocusing the programme on PFM and Business Process Development of decentralised services $US5.916.164 remaining on 31/05/2015 from total available budget of $US8.880.000	- budget not spent by the end of 2016 - The devolution Implementation and Action Plan needs to be clearly budgeted: Human resources, equipment, offices, change management, training and capacity development. No sense of scope of work or budgetary constraints.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Implementing			
- Even with some delay the programme was able to reach cruising speed within a reasonable period of time - MoLGC has direct role in the implementation of the programme and is thus able align it with national policy - The guidelines provide for 1. Minimum Conditions (10 indicators which have to be met entirely) 2. Performance Measures (15) The Minimum Conditions, are the basic minimum requirements for Local Authorities to access the LDG. Local Authorities that fail to meet the indicators of the Minimum Conditions may only qualify for the Capacity Building Grant i.e. 20% of their LDG.	- The delayed launch of the programme (more than one year) leads to a situation where budget spending is behind schedule - The Decentralisation Policy needs to be translated into a set of new mechanisms, systems and procedures but this is not sufficiently and technically supported. Most actions undertaken are limited to seminars, workshops, study visits. Also new secondary legislation and administrative procedures have yet to be developed. - LDG fund projects that are often a mere substitution of infrastructure investments which could be made without having to refer to decentralised governance On the DC level, there is disagreement with some of the conditions not being relevant or objective indicators of performance.[56]	- Excellent documents have been elaborated to form the basis for further action: National Decentralisation Policy (GIZ and DDP), MoLGC long-term strategic plan, MoLGC action plan (GIZ), LDG manual and guidelines, well tested intervention methods in specific areas – ex. ALAFA - The consolidation of the frame work for action paved the way for a next phase of action with greater impact on the field (less words, more action – less seminars, more learning-by-doing) - MoLGC and UNDP are open for reviewing the indicators in line with the first experiences with the LDG projects contracted - Current developments in MoLGC and recent inter-ministerial meetings and the Minister level meeting on June 3 with 6 pilot ministries for decentralisation are promising signals for implementing the Policy of Decentralisation. - The number of Minimum Conditions will be reviewed over time and necessary adjustments made to	- Although policy documents and strategies are excellent documents, much of its content could easily stay "death letter" and are then to be considered merely declarations of good intensions if not translated in precise, detailed and budgeted action plans

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[56] see to Annex 11 – Analysis of Minimum Conditions

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
		respond to the growth in the LG system. There are 10 indicators for Minimum conditions and 15 indicators for performance measures phase over the DDP life cycle. Refer to LDG Guideline for assessment of local governments on the minimum conditions and performance measures to access the LDG, February 2014.[57]	
Reporting			
- continuous support and indirect pressure (through the PTC and PSC) ensures that reporting in done on a regular basis and on-time - UNDP/UNDCF development management expertise and the direct involvement of the DRR/UNDP and its senior staff allowed for reporting to keep in line with the original logical framework as reference - EUD governance programme manager and project officer and the Head of Cooperation are closely involved as members of the PSC	- PTC and PSC minutes are often repetitive, not sufficiently structured or clear about which decision taken should lead to which actions in the field; - A results tracking table, however, completes the minutes but is not responding sufficiently either to the needs of monitoring this type of large and complex programme - UNDP and UNCDF senior advisor are physically not present in the MoLGC but have offices in the UN House/UNDP	- The recommendations of this mid-term review when taken into account will lead to more structured and less verbal reporting under the common approach of "Facts and Figures are the Language of Management"	- If the reporting methods do not change fundamentally within a short period of time, there will be little interest from the donors to read once again generalities and good words rather than proofs of concrete actions and measured impact of actions undertaken - This is specifically relevant in LG PFM, where there is no systematic approach of capital investment and recurrent cost analysis, planning and monitoring at the District and Council level. Currently monitoring is taking place only on the DDP Project, but no leverage with

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[57] see Annex 11

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
and provide valuable advice during implementation	- PTC and PSC meetings did not have impact on the running of future actions[58]		National Funds. No comparison, no global discussion regarding priorities and targets of the Decentralisation of capacities.
Monitoring			
- ROM and other M&E systems of EU and the UN system guarantee the good financial management of the funds	- As is the case for monitoring, audit, evaluation the MoLGC calls for external expertise. At this stage there is no visible proof that these functions shall be exercised professionally by the MoLGC - The Auditor General is overloaded and is not able to provide DC Audit Reports on-time - The MTR will analyse the outcomes of the M&E TA provided under DDP in more detail but has received first signals that there is more work to be done in this field	- EUD is open to accept a request for support to provide funding to mobilise external auditors if needed to take the process forward	- GoL/MoLGC does not have a proper M&E systems in place ensuring that SMART indicators are measured and reported upon on a regular basis

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[58] Overall, the quality and format of the PTC and PSC minutes does not provide much operational and or strategic information with regard to the implementation of the project and cannot be used as either a monitoring tool, a management tool, an information or documentation tool or a tracking tool. An example is provided through the analysis of the issue of the NSA-SP and DDP PSC mergers (see Specific Comment 38). Though a critical aspect on the success of the DDNSA overall, coordination between the two programmes (and it also involves merger of governance structure, change of representatives and report of 18-month of activities of 4 grant contracts for a total of €3 million) occupies 30 lines of the total minutes. There is no qualitative assessments, feedback /follow ups on past decision and on resolution (one key aspect on the actual role of the DDP either as a recording mechanism of progress report or an oversight and accountability mechanisms is aired but not resolved).

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Technical quality			
- Technical expertise provided by all donors involved secured a high quality of strategic documents (LDG guidelines and manual, Decentralisation Policy, Assessment Reports, etc.)	- Proof of transfer of knowledge is not being reported upon - Study visits (the Hague, Uganda, Rwanda) are not sufficient to achieve a sustainable result	- More in depth analysis is needed to assess the capacities and qualifications of all HR involved in the process (this analysis goes over and above the ToR and capacity of this MTR)	- Without a substantial increase of highly technical programme management specialists the technical quality in terms of practical applicability will stay low - Without a profound effort to develop new legislation and secondary legislation, rules and procedures of administrative action and service and financial management the technical quality of the deliverables of DDP will remain low
Coordination			
- regularity of PTC and PSC meetings was sustained over the programme period - The EU-funded Social Protection Programme partnered with GIZ/UNICEF initiative of the "One Stop Shop" approach for different public services - Better Work Lesotho took on board the outcomes and methodology of ALAFA and ensures continuity (until end 2015)	Meetings between the NSA grantees and DDP does not guarantee sufficient level of involvement of the NSA grantees in the Decentralisation process	- Many other programmes and project are either phasing out (GiZ-12/2015, BWL-12/2015). The new initiatives (UNICEF, Global Fund, EU 11th EDF …) will make that donors will meet regularly to discuss further assistance and modalities of future interventions. There may be opportunity to see what can be done in the future to secure support to decentralisation. - The PTC and PSC are well enshrined in the working plans of the beneficiaries and will continue to be held regularly.	- Without a national level cross-sector coordination mechanism steered by the MoLGC and strongly supported by the Ministry of Finance and the Ministry of Development Planning, decentralisation will not take off soon and thus the impact of action of the MoLGC will remain weak.
Supervision			
- direct and daily involvement of the leadership of the MoLGC	- Lack of one clearly appointed	- All involved now accumulated sufficient experience and	- High turnover of personnel at DC level combined with the lack of

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
with DG Local Government Service, Director Decentralisation and Director Planning with strong backing from the Minister and Deputy PM	responsible person in charge[59] - The high level of political sensitivity and visibility of the DDP increases the interest the involved to be under the spotlight	established a tight professional network of people knowing each other personally	sufficient standard procedures embedded in secondary regulation may lead to weak performance on the local levels. - The 7+1 pilot devolution plan will require a systematic and focused capacity-building programme at the DC and CC level.
Innovation			
- LDG is considered a successful innovation for managing financial transfers to the local levels on a project-by-project basis, offering more than the already existing mechanisms for local infrastructure development (re. Capacity Building component of the LDG grants)	- LDG projects as such show little innovation[60] and do not contribute to poverty reduction strategy and sustainable development (limited income generating activities, no Local Economic Development framework, no Sustainable Development actions) - Need strengthen Poverty Reduction Approach of the LDG grants.	- MTR will provide insight for new approaches that have been tried out in other countries successfully (investing in Local Economic Development as a driver for Poverty Reduction, institutionalising the LDG into a LDF to attract multi-donor funding and private and institutional funds, linking and integrating economic, fiscal, administrative (de-concentration of the administration) reforms	- The established way of working with an emphasis on a hands-off and do-no-harm approach by donors as well as by civil servants will impede new initiatives with innovative methods of intervention; reforms brings along certain level of risks while keeping in mind that any reform must be seen as a fluid process where at times it is better to make one step backward (ex. Rwanda where particular fiscal competencies of local authorities were withdrawn and re-centralised

[59] This observation refers to the leadership of the programme at the time of the MTR when the UNDP Programme Manager was only one month in function. The double leadership should be addressed and clarified. See above Specific Comment 27 - § 2.1

[60] This is indeed difficult to expect for the first round/ Lessons learned will be fed into the second cycle. MTR has been informed that UNDP/UNCDF are already taking initiative and plan for capacity building activities to introduce new concepts for project identification including focus on LED, poverty reduction, etc. The councils only received the first grants in Feb 2015, It might be too early to see the impact of the project. There are guidelines for the LDG. LED framework was not among the original interventions of the programme but this can be done

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
		with decentralisation, emphasising the building of an "Administration for Development and Demand-Based Service Delivery", building strong and institutionalised NSA such as LGA)	under the authority of the Rwanda Revenue Agency because of lack of performance and transparency - All reports since 2008 point to a lack of innovative thinking. Innovative thinking about decentralisation is needed so to question, for example whether fiscal decentralisation indeed is a condition sine qua non for a successful decentralisation understood as making sure services are delivered by the lowest level of administration (subsidiarity) and focus is put on local economic development for poverty reduction

Cross-sector integration			
- Public Finance Management (roll out of IFMIS in all DC planned at the end of 2016) - LDG funds follow a path involving the Ministry of Finance who transfers funds to the DC and DC to CC - In line with the Reform of the Public Administration, the WB/UNDP, under the Public Sector Reform Programme, is	- While PFM-reform and PSR policies are indirectly integrated in the decentralisation process, there is little or no proof of integration of other sector policies (urban development, economic development, micro-enterprise development, professionalisation of the agricultural sector, sustainable forest management with economic benefits, coordinated infrastructure development – re water and energy sector which need to be based on urban development processes to be stimulated as it is not possible to provide water and electricity to each	- Different sectors (finance, public service, pilot ministries) will work closer together in implementation of the National Decentralisation Policy; for example, the establishment of cross-sector working groups on specific reform agendas (fiscal decentralisation, land reform, urban development, agricultural development, promotion of micro and small enterprises, one-stop shop service delivery, etc.)	- Ministries work separately, donors rarely work closely together, on DC level technical services of the central administration do not really work under the authority of the local administration - Concerns about cross-sectoral impact of reforms are not addressed in the current strategic documents and reports; ex. Are LDG projects related to installing water pipeline checked to be in line with the national water management and urban

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
preparing measures to be used for redeployment of HR on DC and CC levels - Auditor General will perform the annual audits of the DC accounts (although with some delay)	household spread all-over the hills and valleys)		development strategies?[61]
Political backing and engagement			
- the National Decentralisation Policy has received the full support and approval by the highest levels of GoL (Deputy PM, Minister LGC, Minister of Finance, Minister of Development Planning, Minister of Public Services, Ministers in charge of Health, Water, Energy, Social Development, Forestry, Mining – i.e. the 6 pilot ministries for decentralisation and local service delivery)	- The newly established government (February 2015), composed of a broad coalition of 7 parties needs time to develop coordinated government action	- The newly established government needs to show "the difference it can make"	- The newly established government's coalition may not be able to find common ground to realise a reform that needs national consensus over and above the political party lines

7.2 Public financial management and decentralised funding under DDP (LDG)

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS

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[61] The projects are checked and this is implemented jointly with the Ministry of water – Rural water supply who even carry out training and maintenance of the facilities. The projects are done in consultation with the line ministries (through the deconcentrated offices in the districts) concerned in order to maintain the required standards.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Identification and formulation			
The DDP starts operation based on a previous Local Governance and Non state actors Support Programme, with lessons learned from PFM training and capacity building programmes provided to Local Authorities Sub-national government in Lesotho is small (3% of GDP) and the programme for decentralisation of services is limited and started only recently, so the potential for growth is substantial. LG consists of the **Maseru Municipality and 11 Urban Councils** (which responsible for municipal activities such as streets and footpaths, solid waste disposal and some regularity functions such as food safety etc.) **and 10 district councils** which are the umbrella organisation for 128 community councils whose primary responsibility is maintenance of local roads. All are separate legal entities with their own administrative, planning, accounting and procurement staff. They may enter into contracts. They are	At sub-national level there are 10 District Councils and Maseru City Council, and 128 Community Councils. Local governments were only established in 2005, and the bulk of the recurrent expenditure continues to be paid directly by central government (health and education services are still fully the responsibility of central government). Local government accounts for only about 3 per cent of total general government expenditure. Fiscal Decentralisation as such **is not a priority now** in Lesotho. Certainly not during the remaining 16 months of DDNSA. The capacity development component in the DC and CC in the area of PFM is too weak. There is a misleading interpretation on what "fiscal" decentralisation represents in decentralisation. The lessons learnt from previous Programmes include the need for	Revenues around maluti 100mio every year accruing to the **Road Fund** from part of the **oil levy** (i.e. the duty 35 on petroleum products) and from annual charges for **vehicle operating permits and road tolls** levied at the nine main border crossings. This revenue is spent on road maintenance carried out by the Roads Directorate of the Ministry of Public Works and Transport (MPWT), the **Ministry of Local Government (MLG) and Maseru City Council.** These funds are partially decentralised through capital investment trust funds, a significant amount for potential transfers and fiscal decentralisation. Provision for Councils to collect local revenue has been made possible by the **Local Government Act** of 1997, but has not been operational, and is now being gazetted. There is a potential for improvement of revenue collection capacity. This will need to be supported with	PFM strengthening at the local level is a priority for ensuring smooth implementation of any fiscal decentralisation strategy and has not been sufficiently addressed so far in the DDP Intervention tools. The Capacity Development Grant and Training provided do need some fine-tuning to focus on finance managers and accounting officers at the Local level to ensure the DDP reaches the expected outcomes. To ensure high relevance and sustainability a comprehensive **PFM LG capacity development programme** could be formulated to ensure smooth management of the Local Grants and provide the staff with the tools required to undergo organisational change of the devolution of the functions, and additionally to absorb the local level public reforms implied by the IFMIs. The formulation of the DDPNSA has overestimated the assumption of the capacity of potential revenue generation at the local governments in Lesotho. If SACU revenue declines undermining sustainability of the funding for local

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
subject to the provisions of the 2011 PFMA Act. The institutional structure is also potentially **relevant and appropriate** for reforms. The formulation selected some **intervention tools** that are relevant for building and promoting "Decentralisation and accountability systems at the local level ".	appropriate planning and sequencing of key activities, development of processes and systems used during the decentralisation process. This has only been partially taken into account (prioritisation and sequencing / national capacity building on PFM at local level is a prerequisite for success, before gazetting the revenue collection capacities). The DDP and the NSA have not been complementary in this specific component of municipal PFM management. The NSA programme has not fully responded to expectation for greater accountability at local DC and CC level. The NSA component has not necessarily contributed to increased efficiency in service delivery of LG[62].	a strong comprehensive capacity building programme for Ministry of Finance and MoLGC including training in basic financial management practices at the DC and CC. Fiscal transfers to DC and CC are part of the appropriations of the Ministry of MoLGC. Recurrent transfers amounted to more than M501m in 2014. The Estimates for both years also include the small grants from Germany (GTZ and KFW) and the DDP. **This is a good opportunity and relevant amount to start decentralisation process**.	authorities; potential fiscal revenue increase through private sector will only be once source, but not the future drive of municipal finance in Lesotho. Regulatory, procedural and legal issues (supported by the DDP) for improving revenue collection at LG are relevant and positive. But the MoLGC needs to analyse substantial tax-base and produce a cost benefit analysis of reforms to control de risk.
Programming			
• The DDP has produced already some highly **relevant** outputs: such as the strong policy	The "equalisation formulas" need to be further reviewed, and discussed with the MoLGC.	A Good policy framework and Decentralisation Implementation strategy has been approved	The MLG has produced a relevant strategic document for decentralisation, but has not supported the action plan

[62] The link between a reportedly very successful advocacy and public participation intervention (as was the community parliament) and increased efficiency in service delivery is at best tenuous. Though community parliament are critical in voicing issues of community needs and service gaps, they do not contribute to efficiency per se, defined as how well means and activities were converted into results and the quality of the result achieved. Many complex factors enter into the equation from the initial process of community mobilisation including exhaustive service gaps mapping, needs prioritisation, planning and budgeting and all aspects linked to the actual delivery of services (human resources, skills and competencies, infrastructure development, monitoring, etc.). However, a strong participatory and empowering 1st step as the community parliament is an important foundational step for better service delivery.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
framework and the **diagnostic assessment of the status of Decentralisation (institutional and fiscal),** serving as a foundation for implementation of the second phase. • The quality of service delivery survey is completed and will serve as guidelines and orientation to make decisions for the next LDG and capacity building grants. • **The Decentralisation Policy and implementation plan** (including decentralisation model) has been successfully completed in partnership with GIZ, approved and published. This is a major positive outcome for future implementation. A recommendation would be to align all DDP NSA activities in the future with the National Decentralisation Strategic Document to ensure full consistency and coherence.	The performance incentives should include capacity building PFM self-assessments. Human resources for PFM and fiscal collection of revenues is weak. The most appropriate tools to accelerate and deepen the current decentralisation process leading to substantial increase of capacities of the local authorities have not been defined. The focus needs to be on ensuring that funding is provided in a transparent way, combined with other measures that will increase accountability. Planning The formula for allocation of LDG grants to DC and CC is determined by population, land area and poverty levels. The equalisation dimension is not sufficiently addressed. Assessing planning capacity of LG, and compliance with budgeting and monitoring requirements should	The programming of a strong Public Financial Management (PFM) system in the DC and CC is a clear and easy system of actions, rules, procedures and practices for local governments to manage public finances. This includes 7 critical dimensions: 1. Budgeting; 2. Accounting; 3. Auditing; 4. Cash Management; 5. Management of Public Debt; 6. Revenue Generation; and 7. Public financial Reporting on Public Sector Financial Operations.	with a **costing exercise** to understand how this will be financed. The sustainability of the decentralisation implementation strategy depends on a public investment plan to understand how the government intends to finance all the public reform.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
	provide an incentive for improvements. The guidelines for implementation of LDG are therefore not conducive to improvements.		
Financial Management			
The Integrated financial management Information System (IFMIS) linking the central financial operations and the district councils through the district sub-accountancies should be in place in the future and will provide guidance and orientation to building PFM capacity and complementary actions.	Systems for PFM, procurement and accounting at the LG level are very weak. Budget planning is weak and the capacity to plan and make efficient utilisation of funds is limited. Contract management and project management capacity at the LG level is still limited and needs priority capacity building. The **internal auditing systems** at the District and Community Council level are very limited and the MoLGC needs to find a way to building some strengthening capacity to support DC and CC to improve their operational & management procedures through standard auditing mechanism.	IFMIS implementation is slow and will not happen before 2017. But it is **an opportunity** to build the foundations for basic PFM capacity at the DC under this project that will later support IFMIS. PFM (Decentralised Public Financial Management) should be the focus: strengthening the overall capacity to manage public financial funds to ensure a strong foundation process of financial transfers to the DC and CC. There is a **substantial amount of capital investment and recurrent grants transferred to the local level.** This is a good foundation to launch decentralisation and there is a list of funds transfers that need to be systematically transformed into a performance based	- The strategic Plan 2015-2019 does not provide an Implementation budget. So far the activities have been financed by EUD and GIZ. Is it necessary to secure sustainable Public Expenditures to support the reforms in the medium and long term (including costs of each Line ministries, training, salaries, equipment etc.)

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
		mechanism.	
Implementing			
	The coordination mechanism between MoLGC and MOF, the two institutions responsible for implementing decentralisation and strengthening of PFM functions at the local level, is still under planning With the current level of capacity at the DC and CC it is unrealistic to "Develop framework" for linking the inter-governmental transfer system through an integrated platform such as IFMIS. The IFMIS requires several additional years to be transferred to the DC. This will require a significant level of preparation (HR, capacity, equipment, connectivity, monitoring training, etc.)	The MTR strongly emphasises the need to focus on Decentralised Management of Public Finance	The formulation included some highly relevant actions, such as analysing and proposing formulas, principles and a system of incentives and rewards. These are still in a very early preliminary stage and still need to be discussed and tested. Applying these formulas on National Capital transfers to the DC during the time of the project is unrealistic.
Reporting			
	Most Districts display an unequal level of capacity in reporting. Improving basic **Accounting, Recording and Reporting** at the local level has not been properly addressed in DDC and is a priority recommendation of the MTR.	The DC and CC will be responsible for producing adequate records and maintaining and disseminating information for the purposes of decision-making, control, management, and reporting on operations at the MoLGC.	Local Government (both DC and CC) have very weak PFM reporting systems. External auditing is 2 years late.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Monitoring			
The **Audit General Office** has recently completed and will soon publish a Report that will provide an overview of the Consolidated Financial Statements of the 10 District Councils for the past 5 years. This will serve as a basis for follow up of some actions to improve financial management capacities at the Local Level.	**Annual Aggregate Financial Statements**: Although local government units are required to prepare annual financial statements, the last annual report of the OAG notes that **none of the 10 district councils complied with this requirement**, nor did the Maseru Municipality. In the absence of such statements, it is not possible to report comprehensively on the financial operations of LG governments or to consolidate them into any annual financial reporting by the government. Local government is outside of IFMIS and no information is collected about the economic or sector expenditure. The logical framework of the Financing Agreement does not provide SMART indicators and threshold to measure progress. The culture of Performance Based Budgeting is still weak and needs to be encouraged. Some of the assumptions of the FA regarding the capacity of the NSA-SP to help "mitigate this risk by supporting the demand side in the local governance processes" are not satisfied.	**Monitoring Actions** in DDP in the next phase will receive more attention and there is an opportunity to increase effectiveness of local services delivery by addressing the key challenges in **monitoring, planning and controlling efficiency** of local government spending and making DC and CC operate efficiently and effectively. The LGU will be encouraged to manage resources more efficiently which will lead to improved public service by increasing availability, transparency and monitoring of resources.	

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Technical quality			
	Local government units have their own accounting systems and do not use IFMIS. Therefore, neither the Government budget nor the government's **consolidated annual financial statements** record the full transactions of SN government. Local government units are required to submit monthly and quarterly financial reports in a standard template to the Ministry of Local Government by the 15th of the following month but there are significant problems with compliance and quality of data given the limited capacity of the council staff.	The **Rapid Assessment on the readiness of district council for IFMIS was done** and this could be used **as good opportunity and foundation** for a Capacity building exercise of DC and CC on PF related matters (to be prepared for future upgrade of IFMIS which will be ready in 2017). In the meantime, DC and CC need substantial capacity building and training on: **Accounting, Recording and Reporting including** - Production, maintenance and dissemination of adequate records and information needed for decision-making, control, management, and reporting on operations, - Improvements in calendar for budget preparation and authorisation phases, leading to timely submission to MoLGC of certified detailed statement of income and expenditure - Preparation and submission of budget proposal, Internal and External Audit.	

7.3   Non-State actors Support programme (NSA-SA) component of the DDNSP (LS/FED/21445)

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Identification and formulation			
- NSA-SP build upon successful implementation of NSA component of LGNSP - FA addresses gender comprehensively with a range of options for grantees to follow - FA addresses both issues of demand and offer for decentralisation and the necessary complementarity of the approach.	- Conceptually weak framework for supporting the engagement of NSAs focusing on "engagement" (in a loose way) when activities could have focus on more traditional "local government" related NSA activities (social accountability framework for instance which includes well known tools and methods for enhancing accountability, transparency, quality and relevance of services and responsiveness of LAs) including the possibility to develop a baseline from which to measure progress. - The programme, though a counterweight of the DDP process, does not have within the DDP any activities that would facilitate entry point within LAs or making LAs more responsive etc. It neither provides any remedy to currently dysfunctional processes within institutional framework (DDCC for instance) - The FA does not mention all		- As logframe is not reviewed post-grants (to reflect grants' activities) and logframe of grantees is not aligned to indicators of NSA-SP logframe, impact measurement is impossible against the project results, purpose and objectives. - FA does not reflect on legislative and regulatory limitations contained in LGA and LGSA restricting NSA involvement in local development but rather focus on general declaration of principles. - SWOT (on NSA-SP) does not include elements of strategy to mitigate threats, especially external threats, as part of risk assessment.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
	existing piloted interventions at LA level conducted by LGNSP and GiZ that could be built upon as common grounds for NSA/LA interactions (participatory CC and DC level plans produced in all GiZ and LGNSP LAs, community profiling, workplace Skills development plans of LAs) - Indicators are not substantive, sometimes unrealistic and not SMART – they are often process indicators rather than impact indicators. - ALAFA result areas are disconnected from the "spirit" of the NSA-SP as it is not relating to issues of local governance but solely to service delivery and seem like an opportunistic addition to the internal logic of the programme.		

Programming			
- In line with CSP 2008-2013 the focus is on institutional and organisational capacity of NSA at local level - Complementarity with other actions (esp. EU NSA and LA budget line) as well as other bilateral agencies (Irish aid) - Amount of the CfP represents consequent resources for the	- The NSA component does not include any other interventions apart from the grant component while it should built a non-grant component to address issues that cannot / could not be addressed by grantees (coordination, supervision, technical support to grantees, M&E).	- All grantees are local NGOs, mostly in partnership with other local NGOs contrary to assumptions (and encouragement) made in FA & CfP that INGOs would be required for both formulation and implementation of successful project proposal: This is opening up possibility of further similar modes of interventions without being concerned about presence of	- Only one lot of the CfP makes it impossible to ensure that all priorities will be addressed. ▪ - Only one CFP foreseen does not allow for corrective measures to be implemented should one or more priorities be unsubscribed.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
NSA sector in Lesotho for advocacy work which remains largely underfunded. - FA institutionalises complementarity and coordination through an annual information sharing event (to be convened by DDP) - CfP offers a maximum of flexibility with regard to eligibility of the action, applicants and potential diversity of applicants' profile (medium or big i.e. through the min/max amount of grant)	▪ - Even though a centralised management model was chosen, TAU failed to provide support to EUD (including coordination, monitoring, oversight and supervision, capacity development to grantees, contract management support). - Annual event should have been a joint event, not the sole responsibility of DDP, as it would have enhanced ownership of the process and of its outputs. - Range in grant amount ceilings (within same call/lot) (10X times between min and max) makes it difficult to compare projects and ultimately measure impact between a 0,2M€ and 1,3M€ project) - ALAFA support as direct agreement is not linked to the internal logic of the NSA support programme or DDP	INGOs and also highlights that capacity has been built locally.	- As the interventions foreseen are of a combination of direct basic service delivery to poorest community and advocacy (in the widest understanding i.e. incl. public education, policy engagement and public dialogue), there are serious issues related potential for long term sustainability as there is no focus on income diversification, income generation defined in CfP guidelines beyond general principles - No focus sector-wise on any areas (when there should have been a focus on LGA schedule 2 items (i.e. whose responsibility is of LA at CC level) or schedule 1 (DC mandate)
Financial management			
- 99% of CfP envelope is committed. - At 18 months, actual expenditure rates are at 42%		- EU CfP directives (at pre-launch and info session stages) resulted in applicants forming partnerships which resulted skills of grant management being	- Some partnership management problems on financial issues - Limited understanding of some applicants / associates in the area of financial management aspects

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
of grant amounts.		transferred between partners and associates	of grant partnership resulted in some instances in delayed inception phase
- Limited risk as all grantees already managed EU funding / grant contracts			
- 50% of grantees have secured 100% of their co-financing amounts. The others have done so partially but are aware of obligations and understand consequences.			
- There has not been major issues with regards to financial reporting or ineligible expenditures so far, similarly budget addenda / reallocations were requested and approved timely			
- Expenditure verification on all grantees was timely and unproblematic			
- There were some delays in disbursements in Y1 (due to elections and slow absorption of funds at the start-up phase) but overall they are in line with forecasted level of expenditure.			
- Issues of potential mismanagement of funds have been decisively addressed by grantees when they occurred			
Implementing			
- Involvement of all programme	- Nearly a year span between	- A culturally sensitive,	- Elections and political

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
partners as assessors/ evaluators of the CfP CN and FP (GiZ, UNDP) resulted in timely understanding of the NSA component - 4 grants (2 large, 2 small), 9 district covered (out of 10), 50% of all CC covered and all 3 CfP priorities covered. - CfP reflecting priorities and OVIs of the FA (indicative) - Most successful approaches so far have been on social development approaches and CSO constituency building and to a lesser extent actions aimed at opening up democratic space at local level[63] - In all cases, visibility and acknowledgement is duly done even though not always compliant with the published EC regulations for visibility of external actions (in terms of format, messages, reservations and restrictions, intellectual property and legal deposit issues, etc.).	the signed FA and Launch of CfP without clear reason - A large number of activities are being duplicated without proper reasons across grants esp. in relation to material development resulting in unequal materials quality and in some instances different messages/interpretation. - More than a year between CfP publication and contract signature (which for centralised restricted CfP is long) - Cultural attitude rejecting "antagonistic" advocacy approaches (marches, sit-ins, petitions, etc) not suited for social changes advocacy actions. - Most activities conducted under advocacy under this CfP are "soft" and centre around public education, networking and public dialogue but not focusing on core local governance issues (transparency, equity, relevance of services, rule of	incremental, approach may be the only way to affect change at community level and can be a way forward only if impact is properly measured and sustained (grantees need to assess what are the factors of success and conditions for the durability).	uncertainties delayed implementation of the activities for an estimated 4 to 6 months at district level. - Delays in capital investment funds transfers rendered difficult the implementation of PET activities (similar for transfer of responsibilities for monitoring service delivery) - Access to information for the advocacy related issues is considered as a threat - Dysfunctional institutional framework for involving NSAs (DDCC) reduce possibility for NSA advocacy impact - Measuring impact is problematic ("with or without project situation") esp. as it relates to public participation and policy dialogue activities.

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[63] "less successful" is not unsuccessful and MTR recognises the accomplishments so far (see individual grantees SWOTs analysis in annex 7) This is especially true as, in the cases of the four grants, social development approaches and CSO constituency building interventions are seen as building blocks towards a widened access to public participation.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
- Based on the reports reviewed covering mostly year 1, the progress reported is mostly on foundational activities (i.e. training, material and curriculum development, initial stages of advocacy)	law, accountability). - Partnership approach does not seem to have always resulted in the expected benefits and multiplier effect. - Missed opportunity due to lack of coordination between inter-grantees (for instance on service mapping, service assessments) where a standardised approach could have been followed by all grantees in conjunction with DDP		
Reporting			
- NSA-SP grantees reports (under their own contractual conditions) are factually correct using the required template for grant contracts, timely and overall acceptable although with some common weaknesses esp. section 2.4 of annex VI of grant contract (template interim report, section of assessment of result of the actions)	- No consolidated reports of grantees and no reporting against the SA and GO of the TAP of the FA[64] - NSA-SP quarterly interim progress reports to the PSC are activity based and disconnected de facto from the SO of the FA, hence disconnected also from the DDP process. - Report to PSC is largely factual and un-strategic.	- Should reporting be coordinated and more strategic, there is a possibility for lessons learnt (at the moment, the few lessons stay within the 4 grantees) to be taken to a wider audience hence more impact and potential for scale up/ replication/ new pilots. - Peer learning should be encouraged between grantees esp. as far as reporting is concerned as the quality of reports currently varies	- Change of representatives of NSA at PSC level (1 meeting) was not accompanied by a formal hand-over hence absence of NSA reports pre-PSC meeting (for last PSC meeting). - Absence of formal feed-back to other grantees post-meeting as it was previously the case

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[64] Recommendation to provide additional capacity through a non-grant component or a FWC stands.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
		average to excellent	
Monitoring			
- CfP guidelines included FA OVIs and especially NSA-SP component OVIs	- Weak log-frames and OVIs who do not relate to the CfP (and FA) OVIs resulting in difficulties to assess programme-level impact - Absence of a horizontal coordinated monitoring strategy for all grantees, basic standard tools and OVis - Inappropriate OVIs included in the NSA-SP logical framework (not smart) and not reflecting the reactive nature of CfP process.	- MTR provide opportunities for encouraging grantees to review existing monitoring strategies, data collection (including gender mainstreaming data) beyond (while strengthening) the existing basic quantitative approach being implemented.	- Grantees have limited capacity on gender impact assessments
- Grants awarded are in line with the CfP priorities, sectors and themes and reflect a wide range of interventions for the problems identified - Materials produced under the programmes (training material, templates and forms for social audits, etc) are relevant to the local conditions, technology, reflect a fair understanding of general level of literacy and general knowledge across target groups. - Staff interviewed, employed by project (national and local	- CfP guidelines do not make provision for geographic/sector lots. Though flexible, this approach contributed to the fact that some districts/ priorities are not addressed - CfP: min and max amount range, though flexible, resulted in 2 grants monopolising 82 % of the overall CfP amount. - Grants: Training and advocacy processes are hampered by the lack of documentation and knowledge management by the NSA		

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
level, including volunteers), are competent and skilled in the various fields required.			
Coordination			
- Coordination of inter-grantees foreseen within a dedicated PSC was not enacted so the EUD led the merging of NSA-SP PSC within the DDP PSC (email 28/2/2014) - In Y1, NSA-SP grantees reported on activities through their chosen representative on the PSC who formally provided feedback to other grantees - In very limited instances, PSC was used by grantees to successfully escalate issues to MoLGC for resolution - Coordination function moved from one grantee to LCN representative with assumption to achieve further benefit to larger NSA constituency - DPP-implemented annual (FA –envisaged) annual information sharing event in Y1 (January 2014) and Y2 (August 2014), amended to bi-annual event for more efficiency from Y2 onwards (2nd meeting to be scheduled).	- Dedicated PSC for NSA support never functioned (as not in the contractual obligations of each grants or CfP) - Level of coordination by the DPP programme management team is minimal - Lack of intra-grantee coordination outside the DPP process (even at CC/DC level) and risk of duplication resulting in CC "fatigue" and inefficiency - Misunderstanding among NSA grantees about annual information event foreseen as a coordination exercise (no qualitative assessment of the way that was done as no documentary information was found/ provided). - Agenda for the annual coordinating event was set by DDP rather than jointly planned event	- MTR provided information related to consolidated geographic spread at CC level of 4 grants and LDG (which provide opportunities for actions such as PET, monitoring, access to information, PPP and access (theoretically) to LDG capacity building grants)	

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Supervision			
- EU contract supervision was perceived as effective and timely by the 4 grantees with regards to responding to requests for clarification, approval of addenda, processing of payment requests and payments. - EUD was also pro-active in ensuring better coordination and DDPNSA institutional level (PSC merger)	- EUD supervision is weaker in ensuring that the 4 grants conform somehow to a basic standard monitoring framework that will allow to collect data and measure impact based on the FA OVIs as the grant contracts OVI do not talk to the FAs OVIs - Lack of avoidance of possible duplication of action (all developing similar material) and geographical spread (some operating in same CC) despite EUD providing information in many instances (regarding LDG for instance)	- Opportunity for EUD at MTR stage to provide input on M&E across all grant contracts by initiating a dedicated interventions (through a STE may be)	
Innovation			
- CfP stresses importance of innovative approach and some grants provide elements of innovation (PPP approach, Community parliaments)	- Absence of knowledge management / documentation process at grant levels hampers the impact of innovative approaches and the potential for replication/ scaling up.		
Cross-sector integration			
- CfP (in line with LDG) has a non-sector specific approach but put a lot of stress on gender and environmental	- Mainstreaming approach not followed as all have gender specific result areas rather than mainstreamed approach or a very basic quantitative	- Often the lack of mainstreaming is an oversight/capacity issue as the potential is there for proper mainstreaming in most	

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
protection mainstreaming	approach to GM	activities implemented by the grantees	
Political backing and engagement			
- Some success stories noted in terms of access to / participation in the institutional framework (HoD meetings, Council meetings, sub-committee meetings) and support of LAs	- Political backing is sought at - and limited to- the inception stage of projects at local level (negotiating entry and right to work in the constituency) but no follow up or sustained engagement with political authorities. - All grantees are faced with similar issues around restricted access to information from LAs, cultural barriers to full and active participation to LAs processes - Political engagement is perceived as an ad hoc activity rather than the core of the action	- Implementation of LDG at CC and DC level is a renewed opportunity for political engagement	- Some Councils have been obstructive (Mafeteng for LCN SACL for instance) including some line ministries and deconcentrated services (Forestry, disaster management for LNFOD) - Political engagement or dialogue between NSA and LA (formal through DDCC or informal) do not materialise in actual social changes

NSA Grant LCN

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Identification and formulation			
- Problem well identified in terms of local governance, institutional and policy framework, NSAs capacity, lessons learnt from LGNSP and ACBF projects			
Programming			
- Multi-stakeholders approach: Operational in 30 CC, 6 DC and with 6 CSOs, 10 line ministries and 3 portfolio committees. - Approach of working with LAs that have shown interest in working with CSOs will reduce delays and initial negotiations/ buy-in - Application is well constructed, activities and results well defined and practical and intervention logic is clear		- Holistic approach takes into consideration the multi-dimensional nature of decentralisation, both from a demand and supply side	
Financial management			
- Disbursement level at the end of March 2015 (30%) proved initial delays. However, corrective measures are in place and forecast of expenditure reflect to the absorption capacity for Y2. - Budget apportioning between			

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
partners could be clarified - Expenditure verification report available and acceptable			
Implementing			
- Implementation modus-operandi is clear as are responsibilities of partners and associates. - The responsibilities and the level accountability of various LCN commissions are clearly defined. - Synergies with other LCN projects are in place - Activities planned for the 1st half of the programme are on time with some delays resulting from staff mobilisation issues and partnership negotiations on methodology. Political instability contributed to about 3-month delay - 913 CBOs form baseline and all had organisational capacity assessed - Series of ToT interventions conducted (social audits, rights-based advocacy, budget tracking and OD/leadership/governance, community mobilisations) - Policy dialogue milestones: community dialogues (x9), budget speech analysis (x1), national	- Projects and grantees operate in the same CC, hence the risk of confusing messages/ action duplication and LA "engagement" fatigue - Risk of duplication of training material - Combination of gender specific and gender mainstreaming activities but gender impact assessments of actions is still unclear - Three key commissioned research actions have been delayed - Some limitations to dissemination of projects findings	- The next phase (following Y1 which focus on ToT and skills development) will allow for measuring impact in terms of actual use and effectiveness of social accountability tools at local level - Commission research actions are being reconceptualised to enhance effectiveness and efficiency - Opportunity at this stage to develop a more effective communication strategy on projects findings in conjunction with DDP	

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
community parliament (x1), NGO week dialogue (x1), women organisations fora (x1), HIV aids specific community dialogues (x3) - Wide range of publications and material outputs of good quality, relevant and fit for purpose - EU visibility requirements adhered to.			
Reporting			
- Good quality reporting both in terms of activity and results, appropriate levels of details (even though focused on quantitative data)	- Little information on gender mainstreaming		
Monitoring			
- Monitoring strategy resulted in approx. 20 monitoring site visits - M&E mainstreamed in the training modules esp. in community mobilisation training - Holistic approach to M&E includes progress report, quality assurance of outputs and M&E support to associates and partners - M&E training to include CC staff	- Monitoring approach favours a quantitative approach and would benefit from a more thorough qualitative analysis - Actual impact of the interventions post-training still unknown and not clear how monitoring framework will encompass all various actions in all CC in a consolidated report. - Long-term impact of community / national dialogue (sector specific) not informed	- LCN has an opportunity to take the lead in a coordinated impact assessment for all grantees (if supported by additional capacity from DDP/NSA-SP) at programme level	- Focus of programme is on dialogue and engagement rather than long-term impact especially in the context of unresponsive LAs, unclear delivery mandates and poor policy framework. - Partnership has limited capacity on gender impact assessments
Technical quality			

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
- Training modules are relevant, case-based and experiential and include foundational training elements (economic literacy, legal literacy, etc). - Literature perused and material outputs produced (NGO weeks, reports, policy briefs) testify to a high level of sectorial expertise and to a strategic location of LCN within civil society in Lesotho			
Coordination			
- Intra-project coordination is done through the LCN structure (commissions), MoUs and regular ad hoc meetings. All grantees are also members of LCN. - Remedial steps have been taken to assist associates with lower capacity - Inter-grantees coordination: LCN took on representing grantees on the DDP PSC from Y2 (1 meeting)	- Possible duplication of activities (material development, training, service mapping etc) due to geographic overlap - Information sharing event organised by DDP were perceived to be ad hoc and not responding to the needs of CSO/ grantees - As all grantees are also LCN members, implementation of the LCN grant could have been an opportunity to engage these members implementing the grants on developing standardised tools (service mapping, self-assessment score cards, etc.).	- Possibility for LCN to provide more strategic civil society-wide input to DDP process if given room to do so - DDP to use LCN more strategically as an information relay and vice versa	- Lack of strategic level of coordination impacts negatively on the complementarity sought by the DDNSA programme between NSA and DDP
Supervision			
Contractual supervision by the EU was judged to be timely, appropriate and			

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
strategic.			
Innovation			
- The training addressed identification of gaps in service delivery at the CC level and identified advocacy strategy plans at local levels - Combining advocacy and evidence-based community research at local level - Actions highlighted challenges faced especially in relation to free primary education, feeding schemes and pensions, which are key elements of a social development approach. - Involvement in dialogue of non-traditional partners (such as National aids coordinating body)		Approach linked service delivery to progressive realisation of socio-economic rights, hence framing the interventions in a wider context and providing more acute appreciation of policy and redress mechanism (Mashaleng and Nqoe CC / HIV Aids right to privacy violations in MH councils health care centres)	-
Cross-sector integration			
- Areas of interventions were identified at community level by community groups addressing a wide range of sectors from traditional health/ education/ WASA to more specific such as food security, energy and electrification, rural roads for instance. - Constituency building across sectors through NGO week dialogue highlighted multi-faceted	- Lack of sectorial focus may reduce impact of the project at macro-level - Multi-focal approach may compromise national advocacy efforts by atomising "development needs"		

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
approach to development			
Political backing and engagement			
- Community parliament and National dialogues have particularly benefited from political support at all levels and committed a wide range of NSA and political actors to development agenda and its priorities - Indirect benefit of the CSA mapping at local level has been exposing LAs to the diversity and vivacity of CSOs in their own councils which most of them ignored.	- Cases of political opposition by LAs were noted (Ramoetsana CC, Mafetend DC) and worked through. - Access to information is a challenge across CCs and DCs - Personal relation still prevails rather than formal , institutional relationships	- Some positives instances of dialogue at local level provide opportunities for sustained engagement by CSO at CC level esp. within the LDG set up (both capacity building and capital investment grants) which will have to be acted upon in the next rounds of LDG attribution	

NSA Grant LNFOD

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Identification and formulation			
- Follow up and scaling up of 2 previous initiatives (the Organisation Development programme or ODP) and the Awareness Building Campaign or ABC) judiciously combined into one proposal with identification of lessons learnt and replication - Completely within its mandate of a federation, building its constituency and membership towards enhanced sectorial accountability and representativity - Follow up on LGNSP OD intervention with NUO - Strategic choice of associates	- Weak conceptual framework reflected in logframe and weak indicators - Logframe indicators and project do not reflect any of the one contained in the CfP	- Gender mainstreaming comprehensively addressed in terms of double marginalisation/ data disaggregation but no discussion on the conceptual approach of parity	
Programming			
- Proposal fully anchored within Priority 3 of the CfP and provide all the required information though applicant would benefit from further training in PCM - Good understanding of the potential of LAs through multi-dimensional and strategic approach - Application of subsidiarity	- Application lack structure and disorganised (confusion between GO, SO, R and activities) - No discussion on choice and selection of 20 CC to be selected - Assumptions made about actual impact of participation to weak /dysfunctional institutional set up (DDCC)	- Though disorganised, the application seems well thought through with good reflection on policy framework, overall implementation framework is sound but need improvement for implementation	

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
principle			
- In line with international best practices around DPOs approach			
- Advocacy successes at national level for applicant in previous projects are reflected upon			
Financial management			
- Disbursement rate on target (51%)			
- Expenditure verification report available			
- Co-fi partially secured			
- Applicant realigned financial reporting to its own schedule rather that EUD contractual schedule			
- EU grant funds are audited as part of the organisation regulatory annual financial audit			
Implementing			
- 20 CC in 4 DC (BB, MH, Berea, Mas) > 76 new DPOs and 1560 PWD targeted	- Questions on CC selection criteria	- How to capitalise on existing achievements in participations to HoD and councils/committees meetings through formal process on planning services not reflected in reports	
- Strategy followed of district roll-out through DPO coordinator is sound and seems effective.	- Partners at CC level identified at late stage	- Replication of successful actions with LGD (incl. capacity building to other 3	
- Exemplary process for curriculum and material development of Khomo eso mphe matla.	- Poor service mapping at ED level (in terms of quality/quantity/providers assessed)		
- Pace of project delivery and	- Hot line activity has been cancelled without proper		

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
effectiveness seems on track despite initial delays and postponement of some actions. - EU Visibility requirements are adhered to. - Success in sensitisation of LAs, constituency building, DPO group formation and PLWD mobilisation at CC level as in securing DPO ▪ participations in some institutional processes (Committee and sub-committees of CC) - Very successful follow up on LGD grant attribution (quick wins to mainstream disability- case of Botha Bothe DC maternity and Mohale's Hoek capacity building grant) - Strategic choice of inclusive education as awareness raising theme (follow up?)	justification - Media and communication strategy seems un-strategic (press releases and media tour) - Failure to recognise strategic issues (the grants criteria discussion or the employment restriction for PLWD for poverty alleviation projects of Forestry ministry should become flagship actions and monitored throughout country as part of national advocacy strategy (Khoelenya CC case) - Choice of self-assessment (activity 5) for service providers (schools, clinics) rather than DPO led monitoring and lack of clarity about use of social services monitoring to advance service delivery (data collection and collation issues) - Uncertainties about relation between self-assessments and score cards/ service point testing training (activity 2) and consolidation of results	districts). - Follow up on inclusive education as a service delivery monitoring theme for the education sector.	
Reporting			
- One report available (Nov. 2013/July 2014) and PSC minutes reflects a lack of capacity in reporting	- Report to PSC are meagre. - Quality of annual report can be improve and does not talk to the logframe result areas or OVIs - report do not reflect the quality of	- Within the existing activity based framework, there is room to compile quantitative and qualitative data for impact assessment according to NSA SP logframe and grantee own	- Current level of reporting cannot be consolidated into a useful report at organisational level or at NSA SP level

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
	the interventions conducted on the ground or action by management - Confusion of # of CCs in which project operates. - Some gender data available (though very basic and only concerning participants) and not showing how planned approach of parity materialised. - Limited understanding of gender mainstreaming at intervention level.	logframe	

Monitoring			
- An Independent evaluation was planned for Y1 but rescheduled to year 2 (financial reason) which is more strategic	- No institutional framework seems to be in place beyond basic quantitative system and evaluation in Y1 though M&E is a core activity of the programme	- Postponed evaluation process could be strengthened with support of DDP or independent M&E process (STE)	- Current level of data collected perused cannot be consolidated into a useful monitoring report or impact assessment report at organisational level or at DDNSA SP level - Partnership has limited capacity on gender impact assessments

Technical quality			
Process followed for material development including wide ranging participation and consultation was exemplary. Material outputs perused show value-for-money, technical expertise, cultural sensitivity and local relevance but lack of horizontal integration.	- Though proposal talks to well-known process, the reality is that they are not implemented (Social audits, shadow reporting, identification of good practices, , hotline) - Social accountability tools could	Possibility to grow score cards system into more comprehensive service monitoring and integrate in M&E and planning processes	

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
	be improve		
Coordination			
Intra-project: Information sharing and knowledge management built in the action and implemented in year 1 between project sites	- Limited coordination with other grantees in CC where other grants are implemented - No interaction with DDP to ensure PWD mainstreaming in DDP actions including LDG		Lack of clarity and exchange of information about actual sites enhanced risk of duplication
Supervision			
- Organisational systems for supervision are in place for director to supervise both Finance and Adv. Project officer - Board (composed of DPO) provides adequate level of supervision - EU contract supervision is adequate			
Innovation			
- Some tools mentioned in the proposal would be new in Lesotho for DPOs (social audits, UNCRPD shadow report) - Six-monthly peer learning/ knowledge sharing w/shops - Only grantee to have derived direct project benefit in relation to 1ˢᵗ LDG round of funding		- PWD services mapping outcome should be corroborated / completed by service sites testing and self-assessments to provide comprehensive view of the problem (though limited to the 20 councils?)	
Cross-sector integration			

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
- Project as a multi-sector approach as it deals with education, health, welfare, employment and HIV as PLWD's participation and empowerment is mainstreamed throughout.	- Action seems to focus on health and education services (for score cards)	- Challenges encountered with ministry of forestry employment policy and difficulties with Social development extension services should provide for further engagement at local and national levels	
Political backing and engagement			
- Reports indicate political backing but interviews with DCS reflects no specific commitments to citizen participation and esp. to service performance audits by CSO	- LAs have no existing mechanisms at this stage to target, access , inform and support PWD - LA do not have mechanisms to ensure and enforce service delivery to PWD	- Policy level sustainability (National disability and rehab policy) secured	

NSA Grant SACL

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Identification and formulation			
- A wide array of partners and associates were involved in the pre-project consultations - Partnership approach strongly supported by EUD reflected in applicants ' approach - Lead applicant benefits from backstopping from real INGO (SAC-UK)	- Process to establish partnership was not ideal and resulted in some tensions and required further role clarifications at implementation start-up delaying activities by a few months - Though partnership approach supported by SAC-UK, perception that advocacy work is outside their core mandate and diluting core mission.	- Based on existing project (EU funded) scaled-up and a credible group of locally implanted partners and associates	
Programming			
- Proposal is clear and well-articulated around Priority 2 sector - 6 CC in 3 DC, 15 CBOs, 24 community groups (i.e. approx. 2400 households and	- Each partner focuses on its own core expertise within the confine of a specific result area (in application of principle subsidiarity) is good but reinforces a "silo" approach and limits skills	- Intervention contains elements of innovation such as PPP and MoFI access, marketing development.	- The R1, which is the social accountability component, seems to be implemented by a partner whose core expertise is not social accountability and no clear justification on rationale and

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
170,000 people)[65] - Social development approach combined with some elements of social accountability is well adapted to problem identified	transfers amongst partners within the same project - Intervention contains elements of innovation such as PPP and MoFI access development but conceptual understanding of these items and strategic operational approach not clearly defined		scope of this component of the project in relation to organisational competencies.
Financial management			
- Despite initial delays at start-up and further implementation delays due to elections, the expenditure level reflects a disbursement rate of 41% at 18 months, in line with forecasted expenditure - Previous financial management experience in PRAG for lead applicant and good financial report - Expenditure verification report (interim) acceptable - Co-financing (10%) secured	- Lead applicant solely responsible for co-financing	- Potential skills transfers to other applicants in EDF financial management - Estimated disbursement level at DLE: 100%	- Approach of lead applicant in terms of financial management is arms' length and completely decentralised which may result in future tensions (in cases of potential ineligible expenditure)[66]

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[65] Number of community groups as per project document is 24, however SACL works with 33 community groups.

[66] term "Arms' length" was used by SACL management (including SACL finance manager) and, as mentioned in the report, is welcomed as it involves the most empowerment and -indirectly- institutional strengthening of the co-applicants through the processes mentioned in the comments (reports, meetings, internal audits). It was indicated in the weakness sections as a cautionary measure (around issues of ineligibility). This observation has been moved from Weaknesses to Threats, which is more appropriate.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Implementing			
- Clear division of tasks and chain of accountability between partners through MoUs - Delays being addressed through re-scheduling activities and reviewing timeline of some activities - Project secured support form MoGYSR for 4 volunteer district coordinators (national level), CC for selection of targets, deconcentrated services (ARC/ Min. of agriculture) for implementation. - Field visit demonstrated positive impact on target populations esp. with regards to R2,3,4 esp. as far as it started a process of empowerment beyond sustainable livelihood towards pre-entrepreneurial processes. - Visibility and acknowledgement conditions are dully adhered to.	- 4-month initial delays at inception phase: transport, sites accessibility, councillors input in selection of targets, household verification, summer holidays, and partnership issues. - Though a partnership, each result is under one partner responsibility and little activity-based coordination/ synergies exists - Innovative actions are yet to be implemented (PET training and implementation, PPP training and development, establishment of CSO-LA fora and design of health services referral system) , all but one in Result 1 - Field visit confirmed interactions with LAs at CC levels and TAs but DC level authorities not as aware/involved as could be - All partners remain bound by their own traditional approaches and are resistant to a more flexible way of operating.	- LDG have been distributed in the 3 focal districts opening possibility for further engagement with CC and DC on PET and PPP especially. - MTR is opportunity to re-look at feasibility of the R1 activities on PPP, to be may be re-looked within a more LED approach as it seems too early (with regards to policy and institutional development of LAs) for implementing PPP at service level.	- R1 is delayed and some activities (esp. PPP) have little chance of being implemented considering institutional and socio-eco context at district level and to some extent, competency of relevant partner.
Reporting			
(available Y1 report and 1st 2 interim	- section 2.4 needs further		

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
reports) - The 1st annual report is accurately reflecting both achievements and challenges esp. in terms of processes put in place but limited to inception phase activity (baseline, identification targets, negotiation with LAs, training/ material development) - SACL aptly represented all NSA grantees at PSC level for Y1	strategic analysis and remain descriptive - M&E component needs to be strengthened and not reflecting the actual achievements on the ground		
Monitoring			
- A full time M&E person (based in one of the co-applicants) is overall responsible for monitoring across all targets areas and partners but need further systematisation, standardisation and more qualitative approach - A monitoring framework has to be consolidated esp. quarterly review and joint annual review and extended to external stakeholders	- Gender specific result area and some elements of gender mainstreaming (esp. at baseline level) but need further qualitative and quantitative analysis - Though elements of monitoring are in place, they need to be strengthened and data collection improved esp. through the district coordinator at CC and village level. - focus on quantitative approach rather than qualitative	- Basic cost and financial analysis of project at group level could be done to measure impact of project in terms of economic empowerment. Similarly for impact on food security	- partnership has limited capacity on gender impact assessments
Technical quality			
- Documentation of partners (training material, reporting forms and M&E) testifies to attention to details and due	- Result silo approach result in some groups not benefiting fully from the programme (i.e. access to water in Tebe-Tebe	- MoFI and market access actions need to concretise some of the achievements made in developing	- Income diversification and resource mobilisation training (access to further grants and resources both financial and

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
process. - Site visits testifies to full and active involvement of target groups at community level - Some of the actions in some areas have overtaken expectations (R4, food security)	CC for instance)	sustainable livelihood through agricultural development	technical) for community groups not put in place to support activities' long term sustainability and should be included in training packages - Practical accompaniment of community groups (with which projects is working) facing challenges for access to basic social services not done (if the project is working on agriculture for instance. It should be holistic approach with referral, etc.
Coordination			
- Intra-project coordination is good at management level with regular meetings of the PMT at national level. - Weekly and monthly activities schedule produced and monitored - In Y1, SACL Executive Director was actively representing all grantees at the DDP PSC meeting, presenting grantees progress reports and providing feedback to partners	- At CC level, role of district coordinator is questioned by co-applicant as perceived not to be equally balanced between the different result areas	- Coordination at CC level trough the District coordinator can be improved, resulting in a better utilisation by all partners through enhanced performance management, better communication and improved interpersonal relations.	
Supervision			
- Limited but effective and timely supervision from EUD (limited to contractual			

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
obligations for EUD).			
Innovation	**Innovation**	**Innovation**	**Innovation**
- The previous programme relations with the ARC carried forward and scaled up materialising in some institutionalisation of the programme within MoA projects. - Social development approach has resulted in constituency building and community mobilisation on livelihood	- The most innovative aspect of the grants (PPP) has yet to be implemented.		
Cross-sector integration			
- Within R1 (social accountability), there is an attempt at integrating social accountability actions (PET, networking, community mobilisation, advocacy) and delivery processes(WASH, PPP, LED) - Within R2, environmental protection, sustainable livelihood approaches (incl. agriculture) are integrated and also linked to LED processes (marketing, potential access of MoFI and or mutualist financial systems)	- As results are implemented by separate entities under different results, there is a lack of integration between gender equality interventions (R3, FIDA), HIVAids (R2, Phela), Food Security/Sustainable agriculture (R4, SALC) and social accountability/advocacy (H4H, R1). - Delays in PET training have resulted in limited social accountability interventions towards CC - Limited access to information (including of LDG in the focal districts) also an obstacle to more holistic development processes at village/CC levels	- There is potential for development of self-help processes & IGA into more market orientated interventions leading to further economic development and empowerment - Though the PPP (amended model) still has potential it has to be unpacked by all stakeholders to develop common understanding and translated into viable actions - LDG as well as DPP capacity building grants may be right channel for integration - Possibility of testing the "continuum" of services provided by the project to	- Market access and access to capital (for still informal/ household based business i.e. pre-entrepreneurial) remains challenging (absence of collateral, financial literacy) and an impediment to further economic development of community members/groups - Through developing their IGA, groups are faced by on-going challenges (access to water, etc) are not actively taken up through active advocacy processes by the communities with project support.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
		communities by addressing various challenges faced by communities (stage 1: IGA, stage 2: Access to services/ social audits/ service testing, stage 3: advocacy for services, etc.)	
Political backing and engagement			
- Project benefits from better support as normally the case as project deals with traditional CSOs activities (HIV aids prevention , agricultural project) rather than advocacy interventions - Demonstrated support from min. of Agriculture through ARC - Proven support of the MoGYSR through LNVC	- LAs in the 3 districts are generally aware of the programme but far from providing active support or commitment but rather benevolent indifference.	- Project needs to capitalise on its level of political support and credibility to engage in targeted advocacy. - Project can link up existing community / groups' agricultural activities to potential donors (Small holding famers fund for instance) to enhance project overall sustainability	- Access to information from council remains a challenge - Lack of relevant information on the LDG process and the role NSA can/could/should play within it from DDP - Project not pro-active in seeking information on DDP - Risk that R1 PPP and service delivery MoUs do not get satisfactorily implemented due to lack support by LAs

NSA Grant CCJP

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
Identification and formulation			
- Follow up to the Strengthening Civil society In Lesotho (SCIL) 1 & 2 projects but focused on a combination of old/new DC and FBO/ CBOs (40 in total, 50% new) in 3 CC.	- The application, based on previous programmes could have included more information on impact of the previous projects demonstrating impact and value for money.	- Opportunities for scaling up and implementing lessons learnt	
Programming			
- Well written proposal with informative elements supporting the formalisation and structuration at DC level of CSO/LA relationship/ dialogue to replace existing personal/individual model. - Strong component of public education, awareness raising and policy dialogue - Issues of access to information at local level and possible remedial action are well conceptualised	- Recognising the dysfunctions of existing system (DDCC namely), but still having activities around participating into them seems a paradox. - Some activities seem disconnected from the localised nature of the programme (namely act. 1.5 on national CBO networking strategy/ movement) - Confusion between Results, SOs, activities between logframe and proposal.		- Current limitations of the institutional framework and its lack of implementation does not augur well of the impact on formalised and structured dialogue between NSA and LAs as foreseen in the project. - Financial/ institutional sustainability issues for all activities but esp. Radio and district Public information Centres, not properly addressed.
Financial management			
- Financial report timely submitted and agreeable - Disbursement level (45%) in line with revised scheduled and	- Co-financing (14%) not fully secured		- Recovery order from previous grant contract remains a liability.

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
forecast of expenditure. - No expenditure verification report available			
Implementing			
- Thaba-Tseka component closing down as envisaged in project timeline (15 months project) - Qacha's Nek component being carried forward with additional HR from Thaba-Tseka project - First 18-month have focused mostly on capacity building and constituency development as well as public awareness/ public education - Motjoli Community radio handed over to local CB network (TDRI) - Managed to secure contributions in kind (Volunteer in QN) from INGO and office space from GiZ for PIC - EU Visibility requirements adhered to.	- Programme includes gender specific activities (esp. on women participation and GBV) but fails to demonstrate it addresses gender as a cross cutting issue across all result areas/ activities. - Quality of report do not match the envisaged outputs contained in the proposal or activities actually implemented - Forecast activities still include DDCC participation though in everyone's admission, DDCC do not convene in the districts. - Some material development activities surely would have been developed under previous SCIL programme as activities were similar in nature. - Duplication with LCN material and other existing material	- Current review process offers opportunity to relook at current impact of implementation of R4 and R5 and revisit engagement with LA strategy. - Post-MTR, also need to explore more value-added for the PIC (related to access to some services may be (para-legal, psychosocial, etc), government information (on grants, poverty alleviation programmes and resources, council activities, services available and locations), linked to grievance mechanisms (consolidation of grievances/ services default reports, etc), other NGO programmes etc. Need to think more around multi-purpose community centres model or one-stop centres (see UNICEF).	- Financial and institutional sustainability of PIC highly questionable and lack of monitoring of access to PIC and its usage (users profiles, resource data, data most accessed, etc) - ▪
Reporting			
- Reports are timely and in agreed template to EU - Reports to PSC timely submitted	- Narrative reports are purely factual and do not reflect accurately the progress of project observed in districts/ or	- To realign narrative reporting to logframe result areas and use data collected to input on the realisation	

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
to NSA rep.	reflected in interviews. - Report esp. weak on reporting template section 2.4 (impact assessment of activities) - No analysis on implementation of R 1,3 and 4 (advocacy and policy components of the grants) - No reporting using logframe OVIs or result based. - No follow on assumptions/ risk assessment. - No link to OVIs in project logframe or link to CfP objectives and purpose	of the impact indicators	
Monitoring			
- Logframe contains activity and result-levels relevant OVIs - Application mentions a comprehensive M&E framework for all sets of activities as well as series of M&E milestones (baseline, own MTR, network meeting analysis, media analysis)	- No evidence of the implementation of the M&E framework beyond basic quantitative approach, no data analysis	- If independent project MTR to take place in Y2, MtR ToR to include review process for data collection and analysis, M&E capacity and realign towards better reporting and impact assessments in line with grant application and CfP guidelines indicative OVIs	
Technical quality			
- District staff and management competent - Material produced is apt.	- Some training material (for instance CCJP manual-Advocacy for social justice) remain generic and disconnected to issues of local governance and service		

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
	delivery and lack experiential component (may be addressed through curriculation). - Lack of information on radio (qualitative assessment on impact on the enlivenment of public debate, analysis of issues coming forward in shows, etc.) as well as airtime distribution (actually how much time dedicated to what time of programming: information and public education/ entertainment and how it is used for development debate / community mobilisation) - No data on PIC users, information available and value-for-money (also choice of location – 2 in one CC)		
Coordination			
- Intra-project coordination: the choice of working with the locally based Thaba-Tseka Development Resources Initiatives (local CBO network) is very strategic - 1x district coordinator per DC	- No coordination with DPP beyond PSC - No inter-grantees coordination (at exception of ad hoc LNFOD cooperation) - No information on the collaborative nature of the radio station and possible coordination around PIC. - No information on the partnership between TDRI and CCJP (nature, challenges,		

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
	skills transfers, benefits, lessons learnt) and its sustainability		
Supervision			
EUD contractual supervision is appropriate, timely and supportive.			
Innovation			
- 3x Public information centres (PIC) have been set up to remedy district level access/lack of information issues. - Use of community radio (Motjoli Community radio) in TT as a conversation tool on governance, services, decentralisation.	- No data collected on profile and numbers of PIC visitors, and the problems they present, allowing for better documentation sourcing or referral (see implementation threats and coordination) - No monitoring of radio programming/ production as foreseen in logframe (R5.3) dedicated to women, GBV and PLWA issues (see also above)		
Cross-sector integration			
No sector specific approach but focus on HIV Aids and PLWA and GBV	PIC are not linked to formal DCS information officer and information outputs (schedules and minutes of meeting, tenders, policy and plans, by-laws) or specific deconcentrated line ministries (social development for instance or those with poverty alleviation programme) or include other CSO (such as LNFOD DPOs)		
Political backing and engagement			

STRENGHTS	WEAKNESSES	OPPORTUNITIES	THREATS
- Useful role of Community radio as noted by DCS in District and other local authorities - DCS noted importance of having a platform for communities engagement and confirmed failings of DDCC in both TT and QN - CSO's role as service providers acknowledged (less as change agents/ policy interlocutors) - CCJP benefits at national level from a strategic position with many line departments in an advisory capacity (for policy development, technical support, etc.).	- DCS in both DC noted that engagement with CSOs remains superficial as further role clarification is required to understand respective mandates/ procedures. - The strategic location of CCJP (as a reputable FBO and advisor to government) seems to fail translating into benefits at local level for interaction with LAs or in project implementation.	- Grantees possibility to collate and inform national debate through their parliamentary office/ project (though links are not made in the CCJP grant report)	

8. Annex 3: Timetable

8.1 Manning schedule

Weeks Date from -	1 25MAY	2 1JUN	3 8JUN	4 15JUN	5 22JUN	6* 29JUN	7 6JUL	8-9	10 <15AUG	Total input in days**[67]
KE 1: Team Leader	6	6	5			6	1		3	27
KE 2: Expert Fiscal Decentralisation			4	6	6	6	2		3	27
KE 3: Expert SC Capacity Building			5	6	6	6	1		3	27

* weeks 8-9: review of draft final report by EUD and other actors concerned, and provision of comments to the team

** the above time schedule and the financial offer are based on 6 working days per week

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[67] Including mobilisation and demobilisation days

8.2 Timetable of activities

Weeks	1	2	3	4	5	6	7	8	9	
Inception phase										
1.1 Documentary Analysis										
1.2 Briefing										
1.3 Draft of Inception Report (3-4p) 3/6/15		▲								
Field phase										
2.1 Interviews										
2.2 Site visits										
2.3 Report drafting										
Synthesis phase										
3.1 Aide-mémoire (8-10p) + ppt presentation						▲				
3.2 Wrap-up meetings and debriefing with EUD 3 and 4/7/15						■				
3.3 Draft Final Report 6/7/15							▲			
3.4 Final Report (25p) <31/7/15									▲	

(Right-side vertical label: Presence in Lesotho)

■	Workshops/ Seminars
▲	Reports / products to be submitted
▲ (red)	Final report to be submitted

9. Annex 4: People interviewed

Name	Position/Institution	Email
Agi VERES Mrs	DRR UNDP	agi.veres@undp.org
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Lifuo MALAPO Mrs	GiZ DRDP - Decentralised Rural Dev Proj	
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Limakabo RATSIU Mrs	AAO - DC Butha Buthe	lratsiu@yahoo.com
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Marema RALETING Mrs	Assistant Economic Planner - DC Berea	
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Usman NIANG	UNICEF - Social Protection Project	
	HR Manager MLGC	

10. Annex 5: DDP Expenditure report 01/10/12 – 31/05/15

DEEPENING DECENTRALIZATION PROGRAMME-FED/2012/283-774

Annex I - Expenditure Report for the period 01 October 2012- 31 May 2015 (in Euros)

Outputs	Indicative Activities	Year 1	Year 2	Year 3	Year 4	Sub-totals	Eligible Expenditure (Euro)01/10/2012-31/05/2015	Balance	
1. Improved development funding through local authorities	*1.1 Finalize design of local development funding mechanism* • Technical design, conditions, performance measures, etc.	100 000	50 000	50 000	50 000	250 000	226 200	**23 800**	UNCDF
		-	-	-	-	-			
		100 000	**50 000**	**50 000**	**50 000**	**250 000**			
	1.2. Support adoption of the new system • Ensure Government counterparts (MoFDP and MoLGC) understand and buy into the concept • Ensure counterparts are capacitated to adopt the system	186 916	177 570	93 458	93 458	551 402	231 353	320 049	UNDP
		13 084	12 430	6 542	6 542	38 598	16 195	22 403	UNDP
		200 000	**190 000**	**100 000**	**100 000**	**590 000**	**473 748**	**342 452**	
	1.3. Operationalize the local development funding mechanism • Provide technical training to councils to operationalize the system and processes • Operate the loc. dev. funding with support of UNCDF in the first instanc • Disburse funds through the oc. dev. funding	-	160 800	160 800	-	321 600	-	321 600	UNCDF
		-	-	-	-	-			
		-	**160 800**	**160 800**	**-**	**321 600**			
		467 290	1 158 131	36 636	-	1 662 056	897 753	764 303	EU/ UNCDF
		32 710	81 069	2 564	-	116 344	62 843	53 501	EU/UNCDF
		500 000	**1 239 200**	**39 200**	**-**	**1 778 400**	**960 596**	**1 139 404**	
	1.4. Operate the local development funding mechanism Operate local dev. funding mechanism once set up and operated directly through ministry	-	-	-	108 400	108 400	-	108 400	UNCDF
		-	-	-	-	-			
		-	**-**	**-**	108 400	108 400	**-**		
		-	-	1 196 262	627 664	1 823 925		1 823 925	UNCDF
		-	-	83 738	43 936	127 675		127 675	UNCDF
		-	**-**	1 280 000	671 600	1 951 600	**-**	**2 060 000**	
Direct costs		**754 206**	**1 546 501**	**1 537 155**	**879 522**	**4 717 383**	**1 355 306**	**3 362 077**	
Indirect Costs (7% on non-core)		**45 794**	**93 499**	**92 845**	**50 479**	**282 617**	**79 037**	**203 579**	

2. Decentralisation and accountability systems at the local level promoted	*2.1. Conduct decentralization assessment and produce inception reprot*	46 729	-	-	-	46 729	64 553	-17 824	UNDP
		3 271	-	-	-	3 271	4 519	-1248	UNDP
	• Commission Studies documenting current system and proposing more appropriate principles. • Resulting from the studies, test new and more appropriate principles	**50 000**	**-**	**-**	**-**	**50 000**	**69 072**	**-19 072**	
	2.2. Decentralizaiton model	280 374	93 458	186 916	186 916	747 664	586 042	161 622	UNDP
	• Design the decentralization model (based on findings)	19 626	6 542	13 084	13 084	52 336	41 023	11 313	UNDP
	• Develop a solid programme of assistance to councils to decentralize • Rollout decentralization	**300 000**	**100 000**	**200 000**	**200 000**	**800 000**	**627 065**	**172 935**	
	2.3 Develop framework for linking up of inter-governmental transfer system and IFMIS for implementation	50 000	100 000	50 000	-	200 000	-	**200 000**	UNCDF
		-	-	-	-	-			
		50 000	**100 000**	**50 000**	**-**	**200 000**			
Direct costs		**377 103**	**193 458**	**236 916**	**186 916**	**994 393**	**650 595**	**343 798**	
Indirect Costs (7% on non-core)		**22 897**	**6 542**	**13 084**	**13 084**	**55 607**	**45 542**	**10 065**	

3. Capacities of Line Ministries and local authorities enhanced to decentralise functions	*3.1 Sensitization and strengthened administrative systems to facilitate the process of decentralization*	93 458	93 458	46 729	46 729	280 374	93 458	186916 UNDP
		6 542	6 542	3 271	3 271	19 626	6 542	13084 UNDP
		100 000	**100 000**	**50 000**	**50 000**	**300 000**	**100 000**	**200000**
	3.2. Faciliate a Human Resource infrastructure, functions and systems to implement the process of	84 112	56 075	46 729	46 729	233 645	162 697	70 948 UNDP
		5 888	3 925	3 271	3 271	16 355	4 388	11 967 UNDP
		90 000	**60 000**	**50 000**	**50 000**	**250 000**	**167 085**	**82 915**
	3.3 Facilitate an enabling leaderships and organizational environment for change	93 458	46 729	28 037	18 692	186 916	93 458	93 458 UNDP
		6 542	3 271	1 963	1 308	13 084	6 542	6 542 UNDP
		100 000	**50 000**	**30 000**	**20 000**	**200 000**	**100 000**	**100 000**
Direct costs		**271 028**	**196 262**	**121 495**	**112 150**	**700 935**	**349 612,65**	**351 322**
Indirect Costs (7% on non-core)		**18 972**	**13 738**	**8 505**	**7 850**	**49 065**	**17 472**	**31 593**
4. Programme managed effectively and consistently (Technical output)	*4.1 Set up and run initial Programme Management structure and overall management*	514 019	514 019	514 019	308 411	1 850 467	245 528	1 604 939 UNDP
		35 981	35 981	35 981	21 589	129 533	17 187	112 346 UNDP
		550 000	**550 000**	**550 000**	**330 000**	**1 980 000**	**262 715**	**1 717 285**
	4.2 Conduct audit, monitoring and evaluation	-	18 692	18 692	56 075	93 458	-	93 458 UNDP
		-	1 308	1 308	3 925	6 542	-	6 542 UNDP
			20 000	**20 000**	**60 000**	**100 000**		**100 000**
Direct costs		**514 019**	**532 710**	**532 710**	**364 486**	**1 943 925**	**245 528**	**1 698 397**
Indirect Costs (7% on non-core)		**35 981**	**37 290**	**37 290**	**25 514**	**136 075**	**17 187**	**118 888**
Total Direct Costs		**1 916 355**	**2 468 931**	**2 428 277**	**1 543 073**	**8 356 636**	**2 601 042**	**5 755 594**
Indirect Costs (7% of non-core EU)		**123 645**	**151 069**	**151 723**	**96 927**	**523 364**	**159 238**	**160 570**
TOTAL COSTS		**2 040 000**	**2 620 000**	**2 580 000**	**1 640 000**	**8 880 000**	**2 760 280**	**5 916 164**
UNORE December 2012								
* GMS: General Management Support, charged at 7% of Total Costs for Non-Core Funding								

11. Annex 6: Local Finance Initiative (LFI/UNCDF)

About UNCDF

UN Capital Development Fund (UNCDF) has a unique financial mandate within the UN system to promote increased capital flows to the local level, reducing inequalities, improving services and increasing opportunities for sustainable economic development – all contributing to sustainable and equitable local development. It provides investment capital and technical expertise to both the public and the private sector. UNCDF's ability to provide capital financing in the forms of grants, loans and credit enhancements and accompanying technical expertise in preparing portfolios of sustainable and resilient capacity building and infrastructure projects, makes its mandate complementary to the mandates of other UN agencies. It also positions UNCDF as an early stage investor to de-risk opportunities that can later be scaled up by other financial partners and private sector investors. UNCDF has proven its ability to deliver true leverage on smaller and more risky investments and interventions within its core areas of expertise.

Local Finance Initiative (LFI) Programme

LFI is designed to promote sustainable, inclusive and equitable growth in Least Developed Countries (LDCs) by developing local investment opportunities that can deliver transformative impact for financing by the private sector and preferably domestic capital markets. The design phase of the programme confirmed that **domestic capital is not used to support small and medium-scale investments in productive systems at the rural and sub-national level**. Also, it is not available for local economic development actors, whether they are local governments or private businesses.

The UNCDF technical team delivers the LFI approach and its methodologies (project finance, SME finance, and PPP finance) to select projects during development and financing stages. In other words, projects that are otherwise un-bankable are de-risked and taken to an investment ready stage where they are prepared to access commercial capital. Selection of projects is based on a) impact to local communities; b) potential for commercial viability; c) priority infrastructure areas e.g. energy, agro-processing, public facilities infrastructure, and other traditional and industrial small and medium size infrastructure.

The risks that are present at all stages of project development (pre-feasibility, investment, construction, implementation and operation) require significant capacity and experience of the developer in order to be properly managed and mitigated for investors, lenders, contractors, and other third parties. The LFI technical team provides this capacity through specific support activities that help projects to reach financial closure. Additional support is provided in the form of grants for technical studies, seed capital, subordinated debt, loan guarantees, credit enhancements and options that reduce last mile transaction costs. The limited-recourse project finance approach, as one example, has been deployed successfully in developed countries to access long-term private finance for productive systems and infrastructure projects, yet is not widely applied for small and medium infrastructure projects in LDCs. UNCDF's use of this approach is a critical element to leverage limited public funds needed to unleash private capital to scale up local development.

In Tanzania, LFI is supporting 25 projects at different stages of development originated by public and private developers. These projects covers cross cutting issues such as gender equality, environment, food security etc. spread across agro-processing, renewable energy, community infrastructure, telecommunications, and industrial-manufacturing sectors. The five most advanced projects are expected to reach financial closure in the next six to nine months and expected to access US$26 million of domestic capital in the form of debt and US$3 million of grants.

LFI follows a holistic approach to engage all actors along the project development and finance continuum: Project sponsors, Technical Service Providers, Investors, Lenders, DFI/IFIs, DPs, local governments, central government and its relevant agencies.

Municipal projects in Tanzania

Project sub-sector: Public Service Delivery Infrastructure
Project type: Modern Market
Total project cost: $10.1 million
Leverage: $7.3 million (70%) debt financing by a local bank.
Promoter: Local Government – Kibaha Town Council through SPV which will inject $2.8 million equity as land and finance of complimentary road network infrastructure.
UNCDF support: Technical expertise (e.g., business plan, financial modelling, SPV/PPP structuring, loan terms negotiations, etc.) and project development grants.

Project sub-sector: Hydro Power Generation
Project type: 10 MW Hydro Power Plant
Total project cost: $18.4 million.
Leverage: $12 million (65%) debt financing by a local bank.
Promoter: EA Power Limited – local private developers.
UNCDF support: Technical expertise and grant to reduce transaction costs and unlock final steps to financial closure.

12. Annex 7: Councils where NSA-SP grantees operate

Grants (NSA-SP) & LDG	42 CC covered (out of) for 9 DC (out of 10)					
	CCJP	LCN	LNFOD	SALC	LDG	total
Butha Buthe Dictrict						
Ngoajane (B1)			X	X	XX	4
Likila (B2)		X	X		X	3
Nqoe (B3)		X	X		XX	4
Tsa-le-Moleka (B4)			X	X	X	3
Butha Buthe urban Council		X				1
Total	-	3	4	2	6	15
Berea district						
Makeoane (D1)					X	1
Mapoteng (D2)			X		X	2
Tebe-Tebe (D4)			X	X	X	3
Phuthiatsana (D5)			X			1
Senekane (D7)			X			1
Kanana (D8)			X			1
Khueneng				X		1
Total			5	2	3	10
Maseru District						
Qiloane (A1)			X			1
Ratau (A2)			X			1
Likolobeng (A3)					X	1
Manonyane (A4)			X			1
Mohlakeng (A7)			X			1
Makhoarane (A8)		X	X			2
Makhoalipana (A10)			X			1
Mazenod (A6)					X	1
Lilala			X			1
Total		1	7		2	10
Mohale's Hoek dictrict						
Siloe (F1)		X	X			2
Mashaleng (F2)		X	X			2
Kholenya (F3)			X			1
Lithipeng (F4)			X			1
Thaba-Mokhele (F5)		X	X			2
Total		3	5			8
Leribe						
MaoaMafubelu (C4)				X	X	2
Menkhoaneng				X		1
Ramapepe (C3)		X			X	2
Matsoku		X				1
Maisa-Phoka (C6)		X			XX	3
Manka		X				1
Sepokong (C7)					XX	2
Litjojela (C8)					X	1
Tsoili-Tsoili (C11)					X	1
Hleoheng		X				1
Total	-	5	-	2	8	15
Thaba tseka District						
Thaba tseka Urban Council	X					1
Linakeng	X					1
toatl	2					2
Quacha's nek District						
Quaccha's nek Urban council	X					1
Qanya	X					1
total	2					2
Mokhotlong District						
Seate (J1)		X			X	2
Mphokojoane (J2)		X			X	2
Sanqebethu (J3)		X			X	2
Menoaneng (J4)		X			X	2
Mokhotlong Urban Council		X			X	2
Total		5			5	10
Mafeteng District						
Ts'ana-Talana		X				
Mamantso		X				
Ramoetsana		X				
Total		3			1	4
Quthing District						
Mphaki (G5)					X	1
Telle (G3)					X	1
Mjanyane (G1)					X	1
Quthing Urban council (G6)					X	1
Total					4	4

13. Annex 8: Financial situation of the NSA-SP grantees (at mid-term)

Lesotho Council for Non-governmental organisations (LCN)

Income report - NSA SP							
name	grant ref	EU contribution	initial pre-fi	pre-financing 2	pre-financing 3	total	variance (%)
LCN	329-178	1 293 329,34	343 948,66	410 023,87		753 972,53	58,30

Expenditure report - NSA SP (actuals)							
name		grant ref					
LCN		329-178					
code	items	Contract	Y1	y2	y3	total expenditure	variance (%)
1	Human resources	646 200	126 639	88 226		214 865	33,25
2	Travel	-	-			-	
3	Equipmet and supply	13 200	1 171	-		1 171	8,87
4	local office	69 840	7 857	4 862		12 719	18,21
5	other costs and services	25 800	8 259	5 227		13 486	52,27
6	other costs	560 924	126 368	28 927		155 295	27,69
7	**Subtotal (1-6) - Direct eligible costs**	**1 315 964**	**270 294**	**127 242**	**0**	**397 536**	30,21
8	Contingency	28 951		22 485		22 485	77,67
9	**subtotal (7-8) - Total direct eligible costs**	**1 344 915**	**270 294**	**149 727**	**0**	**420 021**	31,23
10	Indirect costs	92 117	14 052	2 067		16 119	17,50
11	**Subtotal (9-10) - Total eligible costs**	**1 437 032**	**284 346**	**151 794**	**0**	**436 140**	30,35
12	Tax & contribution in kind	-				-	
13	**Total accepted costs of the action**	**1 437 032**	**284 346**	**151 794**	**0**	**436 140**	**30,35**
			10/13-9/14	10/14- 3/15			

Catholic Committee for Justice and Peace (CCJP)

Income report - NSA SP							
name	grant ref	EU contribution	initial pre-fi	pre-financing 2	pre-financing 3	total	variance (%)
CCJP	329-300	296 792,04	103 149,44	81981,7		185 131,14	62,38

Expenditure report - NSA SP (actuals)							
name		grant ref					
CCJP		329-300					
code	items	Contract	Y1	y2	y3	total expenditure	variance (%)
1	Human resources	164 060,00	37 729,58	51 330,73		89 060,31	54,29
2	Travel	6 226,00	3 534,12	2 549,95		6 084,07	97,72
3	Equipmet and supply	36 935,98	28 700,23	1 090,42		29 790,66	80,65
4	local office	55 100,00	11 030,71	6 955,27		17 985,99	32,64
5	other costs and services	57 587,00	9 437,52	4 934,68		14 372,20	24,96
6	other costs	0,00				0,00	
7	**Subtotal (1-6) - Direct eligible costs**	**319 908,98**	**90 432,17**	**66 861,06**	**0,00**	**157 293,23**	49,17
8	Contingency	2 326,96				0,00	0,00
9	**subtotal (7-8) - Total direct eligible costs**	**322 235,94**	**90 432,17**	**66 861,06**	**0,00**	**157 293,23**	48,81
10	Indirect costs	22 556,52				0,00	0,00
11	**Subtotal (9-10) - Toatl eligible costs**	**344 792,46**	**90 432,17**	**66 861,06**	**0,00**	**157 293,23**	45,62
12	Tax & contribution in kind	0,00				0,00	
13	**Total accepted costs of the action**	**344 792,46**	**90 432,17**	**66 861,06**	**0,00**	**157 293,23**	45,62

Lesotho National Federation of Organisations of the Disabled (LNFOD)

Income report - NSA SP							
name	grant ref	EU contribution	initial pre-fi	pre-financing 2	pre-financing 3	total	variance (%)
LNFOD	329-117	228 369,00	66 257,72	69 637,19		135 894,91	59,51

Expenditure report - NSA SP (actuals)							
name		**grant ref**					
LNFOD		**329-117**					
code	items	Contract	Y1	y2	y3	total expenditure	variance (%)
1	Human resources	77 292,00	2 764,80	16 606,80	14 496,71	33 868,31	43,82
2	Travel	17 816,00	-	9 494,50	7 938,80	17 433,30	97,85
3	Equipmet and supply	37 612,00	892,20	8 516,40	3 370,38	12 778,98	33,98
4	local office	20 412,00		4 930,00	1 956,26	6 886,26	33,74
5	other costs and services	144 288,00		35 743,20	31 201,13	66 944,33	46,40
6	other costs				13 310,14	13 310,14	
7	**Subtotal (1-6) - Direct eligible costs**	**297 420,00**	**3 657,00**	**75 290,90**	**72 273,42**	**151 221,32**	**50,84**
8	Contingency	-				-	
9	**subtotal (7-8) - Total direct eligible costs**	**297 420,00**	**3 657,00**	**75 290,90**	**72 273,42**	**151 221,32**	**50,84**
10	Indirect costs	-				-	
11	**Subtotal (9-10) - Total eligible costs**	**297 420,00**	**3 657,00**	**75 290,90**	**72 273,42**	**151 221,32**	**50,84**
12	Tax & contribution in kind	-				-	
13	**Total accepted costs of the action**	**297 420,00**	**3 657,00**	**75 290,90**	**72 273,42**	**151 221,32**	**50,84**

notes: Reporting period have been realigned to LNFOD budget year and organsiation regulatory audit period (Jan- Dec)

SEND A COW – Lesotho (SAC-L)

Income report - NSA SP							
name	grant ref	EU contribution	initial pre-fi	pre-financing 2	pre-financing 3	total	variance (%)
SAC-L	328-396	1 271 145,99	361 143,80	391 443,47		752 587,27	59,21

Expenditure report - NSA SP (actuals)							
name		**grant ref**					
SACL		**328-396**					
code	items	Contract	Y1	y2	y3	total expenditure	variance (%)
1	Human resources	565 194,06	127 143,33	103 063,41		230 206,74	40,73
2	Travel	5 179,40	2 500,84	202,33		2 703,17	52,19
3	Equipmet and supply	251 757,31	58 408,93	89 810,79		148 219,72	58,87
4	local office	114 663,18	36 665,16	22 671,71		59 336,87	51,75
5	other costs and services	30 896,33	17 981,74	1 267,36		19 249,10	62,30
6	other costs	364 747,45	62 035,12	24 578,20		86 613,32	23,75
7	**Subtotal (1-6) - Direct eligible costs**	**1 332 437,73**	**304 735,12**	**241 593,80**	**0**	**546 328,92**	**41,00**
8	Contingency	-				-	
9	**subtotal (7-8) - Total direct eligible costs**	**1 332 437,73**	**304 735,12**	**241 593,80**	**0**	**546 328,92**	**41,00**
10	Indirect costs	79 946,26	18 284,11	14 495,63		32 779,74	41,00
11	**Subtotal (9-10) - Total eligible costs**	**1 412 383,99**	**323 019,23**	**256 089,43**	**0**	**579 108,66**	**41,00**
12	Tax & contribution in kind	-				-	
13	**Total accepted costs of the action**	**1 412 383,99**	**323 019,23**	**256 089,43**	**0**	**579 108,66**	**41,00**

14. Annex 9: Capital Investment transferred to DC and CC

Capital Investment Transferred to The Districts Councils and The Community Councils					
Program/ Project	Sector / activities	Level of Management	Level of implementation	Geographic Area	Budget (Maloti)
1. **The Councils Dev. Fund**	Maintenance of Water System/discretionary amount	CC No account	Community Councils	75 CC Each CC 266,000 Maloti (65 CC)	20 mill
2. **Development of Rural Community Roads**	Construction of Paved Gravel Roads	CC pay Man Power HR	District	10 mill to each district	110 Mill
3. **Development of Solid Waste Management**	Landfills - Conduct EIA and construct land containments	CC	Urban councils (Maseru is not included)		3 Mill
4. **Urban Roads Upgrading**	Construction of Urban Tart Roads (10 km. per district every year	MoLGC/Ministry of Finance/ Council only choose the road	Urban CC	Bhota Bhote Mhoek; Quthing Every year allocated to Maseru + other 2 UCC	221 mill
5. Local Government **Infrastructure**	Capital Investment Office Accommodation GIZ KWZ	CC	CC		1,3 Mill
6. **Construction of Principal Chief Offices**	Building PC Offices	MoLGC, money is NOT transf.to Council	DC		4 Mill
7. **Urban Councils**	Capital Inv. for Urban Upgrading	Maseru City Council	Maseru Urban City Council	Maseru Urban City Council	8 mill.
Source: Own table with MoLGC data, Dir. Planning					

TOTAL BUDGET TRANSFERRED TO DISTRICTS	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Capital Budget	273,428,000	546,828,000	501,828,246	506,823,849	346,500,000	371,382,000
Recurrent Budget	183,815,976	177,840,721	198,329,837	205,000,000	302,900,000	328,600,00
DDP LDG (TOTAL)						12,528,000
TOTAL	457,243,976	724,668,721	700,158,083	711,823,849	649,400,000	384,238,600

Capital Budget - Approved Budget						
Name of the Project	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Development Fund for Council	50,000,000	50,000,000	50,000,000	35,000,000	20,000,000	20,000,000
Urban Roads Upgrading	95,000,000	300,000,000	205,000,000	262,123,341	200,000,000	221,982,000
Solid Waste Management (Land Fill)	7,000,000	1,000,000	5,000,000	11,833,622	7,000,000	5000000
Local Government Infrastructure(GoL)	500,000	500,000	1,620,123	1,620,000	1,000,000	1,300,000
Removal of Harzardous Sludge	7,000,000	0	12,000,000	0	0	0
Principal Chiefs Offices	5,000,000	5,000,000	12,000,000	6,476,886	4,000,000	4,000,000
Solid Waste Management (MCC)	7,000,000	6,000,000	7,000,000	3,000,000	2,000,000	3,000,000
Development of Rural Community Roads	91,000,000	177,000,000	179,788,000	170,000,000	100,000,000	110,000,000
Land Management and Admin	2,500,000	0	3,500,000	3,500,000	0	0
Assistance to Decentralisation (GoL)	500,000	500,000	570,000	570,000	0	0
Construction of fPitso Houses	1,600,000	1,600,000	2,000,000	2,000,000	1,500,000	1500000
Design of Urban Roads	5,000,000	5,000,000	15,050,123	2,400,000	3,000,000	3000000

Low Income Houses/ Capacity Building	1,100,000	0	2,000,000	1,000,000	1,000,000	1000000
Lesotho Local Development Programme (GoI)	228,000	228,000	300,000	300,000	0	0
Construction of Bus Terminals	0	0	4,000,000	2,000,000	2,000,000	100000
Solid Waste Management for Urban Councils	0	0	2,000,000	5,000,000	5,000,000	500000
Total	**273,428,000**	**546,828,000**	**501,828,246**	**506,823,849**	**346,500,000**	**371,382,000**
Capacity Development Grant						10,022,400
DDP Local Development Funds						2,505,600
TOTAL LDG GRANTS					30 % of Total capital funds	**12,528,000**

Source: UNDP and DDP, Min. LDC , Dir. of Planning

TOTAL BUDGET TRANSFERRED TO DISTRICTS	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Capital Budget	273,428,000	546,828,000	501,828,246	506,823,849	346,500,000	371,382,000
Recurrent Budget	183,815,976	177,840,721	198,329,837	205,000,000	302,900,000	328,600,00
TOTAL	457,243,976	724,668,721	700,158,083	711,823,849	649,400,000	371,710,600

15. Annex 10: DDP Capacity Building Grant Activities in each District

DDP Capacity Building Grant Activities in each District						
NAME OF COUNCIL	**COURSE TITLE**	**Activity Type**	**Facilitators**	**# BENEFICIARIES**	**DDP FUNDS (M)**	**PFM**
BUTHA BUTHE						
	HRM standard operating procedures workshop	Training Course	LIPAM	HRM &AHRO	15,000.00	
	Procurement Procedures and Tender Board workshop	Training Course	ABSOLUTE IT	3 PO, APO, Stores Asst.	29,800.00	29,800.00
	Pastel workshop	Training Course	CBS	3 FM, Senior Accountant	9,000.00	9,000.00
	strategic Office management and administration training workshop	Workshop		7 DCS, Admin. Manager, AAO, Receptionist	36,000.00	
	Monitoring and Evaluation workshop	Workshop		20 district staff	20,000.00	
	Records Management workshop	Training Course	LIPAM	8 Clerical Assistant	20,000.00	
	GIS workshop	Training Course		12 Asst. PP	20,800.00	
	Land Administration	Workshop		5 SLO &task force	5,688.00	
MASERU CITY COUNCIL					0.00	

	Project Management	Training Course	IDM	3 people from Planning and Finance	42,000.00	
	Project Implementation and Management	Training Course		3 people from Planning and Engineering	24,000.00	
	Project Monitoring and Evaluation	Training Course		3	18,000.00	
	Project Planning and Proposal writing	Training Course		3	12,000.00	
	Leadership skills (TOT)	Training Course		10 MCC TOT team	20,000.00	
	Conflict Management (TOT)	Training Course		10	20,000.00	
	Supply Chain Management	Training Course		3 Finance Officers	6,000.00	
	Planning, Budgeting and monitoring	Training Course	IDM	30 Middle management	20,000.00	20,000.00
	Customer service			5 Administrators	30,000.00	
	Study Tour to landfill in S.A				53,000.00	
					0.00	
MOKHOTLONG DISTRICT	ArcGIS	Training	K More consult	5 Assistant Physical Planners	43,400.00	
	Project Management	TRAINING	LIPAM	District Council staff and members of the DPU	34,682.80	
	Conflict management	TRAINING	Bona Marketing and Management	District Councillors	77,580.00	
					0.00	

QUTHING DISTRICT	Costing and Budgeting	Training	CAS	7 - HR, Finance, Procurement and Admin	32,000.00	32,000.00
	Project Management	Training course	IDM	22 - DPU, TC, CCS	117,250.00	
	Conflict Resolution and Management	workshop		20 - Councillors	10,000.00	
LERIBE DISTRICT					0.00	
	Finance Management for non-finance managers	Workshop		21 - District council, management and standing committees	50,750.00	50,750.00
	Assets Management	Workshop		18- Administration and procurement officers	34,329.00	34,329.00
	Financial Management	Training course	LIPAM	20- Accounting section	37,295.00	37,295.00
	Development of vision and mission	Workshop		52 - Councillors, MP, Association of civil society, business community and the media, technical staff	27,980.00	
	Building HR data base	Training course	Green light computers	2- HR	15,600.00	
	Physical planning			7	49,962.00	
	Building district fleet and asset data base	Training course	Green light computers	1- Administration	9,300.00	
	Project management	Workshop	IDM	19 -CCS, TC, DCS, Economic planners, rural water supply	46,582.00	

	Procurement procedures and systems	Workshop	PPAD, MOLG	16 - Procurement Unit, Tender board, Evaluation Team	23,750.00	23,750.00
	Performance management	Workshop		116- Accounts clerks, Clerical Assistants, Heavy duty drivers and operators, messagers, etc.	42,780.00	
MOHALE'S HOEK					0.00	
	Human Resource Management standard operating procedures	Training course	LIPAM	1 -HR	8,500.00	
	Government Accounting and reporting	Workshop	CAS	15- Finance section	54,975.00	54,975.00
	Pastel Accounting Intermediate	Workshop	CAS	2	10,215.00	
	TOT	Workshop	DPE	23 -DPU and CCS	7,020.00	
	Participatory Needs Assessment	Workshop	DPU	179 - Councillors, DPU and Council Staff	46,540.00	
	Preparation of Community Action Plans	Workshop	DPU &CCS	300 - Councillors and cc staff	40,350.00	
	Preparation of District Plan	Workshop		13 DCS and CCS	9,450.00	
	Procurement and tendering procedures	Workshop	Procurement Officer	9 Tender panel members	3,804.00	3,804.00
	Project management and reporting	Training course	LIPAM	10 - DCS, CCS, TC, Economic Planner	45,500.00	
	Training for technicians	Training course	RD Technical Institute	2 PTO	15,000.00	

	Pastel Accounting & Payroll	Training course	CAS	2 HRM &AHRO	10,500.00	
	Record Management	Training course	IDM	AAO	0.00	
MAFETENG	Introduction to computer	Training course	IDM	11 Accountants, Secretary and Clerical Assistants	39,830.00	
	Project Management	Training course	IDM	12 - DPU	47,160.00	
	Monitoring and Evaluation	Training course	IDM	11 - District Council M&E Team	48,480.00	
	Team building	Training course	MP Motivation and Counselling	46 DC staff - FM, SAS, DCS, ADMIN, TC, HRS, SURVEYOR	24,500.00	
	Procurement	Training course	IDM	Procurement officers, Tender Board	41,800.00	41,800.00
	Customer Care	Training course	IDM	16 - stakeholder committees	47,080.00	
QACHA'S NEK	Preparing plans	workshop		DPU, CCS, Councillors	30,000.00	
	Store Keeping	Training course	LIPAM	Stores	7,000.00	
	Project Management	Training course	LIPAM	DPU, CCS, Councillors	50,000.00	
	Pastel	Training course	CBS	Finance	14,725.00	
MASERU DISTRICT	Project Management	Training course	DENVERTECH	8 PSO, Management Team, Technical Team	165,174.00	
	Management Development	Training course	LIPAM	11 CCS & TC	31,850.00	

	Financial Accounting and payroll management	Training course	CBS	1 Senior Accountants	7,296.00	7,296.00
	Conflict Resolution and Management	Training course	LIPAM	DC	68,962.00	
	Windows application	Training course	QUADRAFT	Executive Secretary	5,163.00	
THABA TSEKA	Financial Management	Training course		2 FM and Senior Accountant	9,250.00	9,250.00
	Public Financial Management	workshop	Finance Manager	13 Accounts Clerks	19,936.00	
	Supply chain management			Assistant Procurement Officer	9,250.00	
	Human Resource Management			Assistant HR Officer	4,625.00	
	Pastel	Training course		2 FM and Senior Accountant	9,250.00	
	Pay roll	Training course		2 HRM &ARO	4,625.00	
	Procurement			2 Procurement officers	3,808.00	
	Financial reporting	workshop	Finance Manager	13 Accounts Clerks	19,936.00	19,936.00
	Record Management	workshop		11 clerical assistants and ES	23,012.00	
	Land Use Management	workshop		25 Assistant physical planners, surveyors, CCS, Legal officers, TC, Councillors	19,896.00	
	Conflict Resolution and Management	workshop		CCS, TC, DC staff, Urban Council, council chairpersons, Assistant Admin	46,670.00	
	Monitoring and Evaluation	workshop		12 Economic planners/DPU	35,286.00	
	Planning and Budgeting		Economic Planner	District Budget Team	1,224.00	1,224.00

BEREA	Project management and reporting	training course	IDM	14 DC staff	59,570.00	
	Procurement and tendering procedures	training course	IDM	11 DC staff	45,186.65	
	Assets Management	training course	IDM	20 DC staff	85,100.00	
	Induction	training course	IDM	16 DC staff	68,080.00	
	Hygiene and sanitation	workshop	IDM	12 DC staff	51,060.00	
				Total	**2,451,167.45**	**375,209.00**
15%						15%

16. Annex 11: Evaluation of The LDG Allocation Criteria and minimum conditions for Intergovernmental transfers

Output 1 has formulated a LDG grants mechanism which is being tested to be eventually used for National Grants transfers; and **Output 2 "Decentralisation and accountability systems at the local level promoted"** includes several actions to analyse, improve and test the resources allocation criteria system, including the equalising factor formula for decentralisation.

The LDG Operational Manual for Local Governments includes the guidelines and criteria to access the LDG, where LGs "have to comply with all the minimum conditions" defined in the National Assessment Guideline. These are put in place to "safeguard the use of public funds and to reduce the fiduciary risks, ensure that sufficient **absorption capacity** is available in the recipient LG and introduce stronger incentives continuously to strengthen performance in pertinent areas such as planning, budgeting, accounting, internal control, procurement and governance". The LG LDG Training Handbook and the Guideline for National Assessment provides description of the criteria.

This Annex provides some comments about the relevance of the criteria being used by the DDP and potential recommendations for the future.

The Decentralisation policy has seven **strategic objectives**:

Decentralisation Policy Strategic Objectives	DDPNSA Expected outcomes
1. Increase citizens' **access to public services by devolving functions, responsibilities and resources** for service delivery to local government structures, and ensure that services are provided at levels that are as close to citizens as possible;	1. Improved Development Funding through Local Authorities; i. Mechanism **for local development funding set up and functioning** ii. No. of decentralising ministries understand and adopt the principles of **local development funding** iii. Number of districts and community councils (or increase) supported through the local funding
2. Ensure **quality and accountable service delivery** at local levels by strengthening downward and upward accountability at national and local levels;	2. **Decentralisation and Accountability** Systems at the Local Level Promoted;
3. Increase *participation* **of citizens** and non-state organisations in service delivery by establishing appropriate mechanisms to actively involve them in decision-making processes regarding service delivery;	
4. Promote equitable economic development by **encouraging and facilitating local economic activities**, through local infrastructure development, **incentive-based investor mobilisation** and other initiatives that directly benefit local people;	3. **Capacities of Line Ministries** and Local Authorities enhanced to Decentralise Functions; and
5. Increase livelihood and economic security by ensuring sustainable utilisation and management of land and	

	other natural resources, and controlling environmental degradation;	
6.	**Enhance local autonomy by ensuring that local government institutions** are sustainably capacitated and organised with a strong collective voice to engage proactively and effectively address issues of common concern;	
7.	Promote the preservation of national values, identity and unity by re-positioning and empowering the chieftaincy and other traditional institutions to work harmoniously with democratic local and national structures;	8. Programme Managed Effectively and Consistently, (Technical Output).

The **minimum Conditions**

The minimum conditions;

1. District Annual Work plan for the current FY approved by council.

2. Complete Final Accounts for the previous FY produced and submitted to the MoLGC. Within the given time (3 months after the end of the FY).

3. Fulltime DCS, Finance Manager, HR Manager, Principal Technical Officer (engineer), Procurement officer, and Administration Manager with written job descriptions

During the second year, three more indicators will be added namely;

4. District council in place and have met monthly in the current FY.

5. Final accounts for the previous FY audited and not qualified (if not the previous FY, then the latest but not more than 2 years back).

6. LDG cash book established

In the third year of the LDG, four additional indicators will be introduced namely;

7. Existence of a functional District Procurement Office.

8. Internal Audit function operational.

9. Annual Capacity Building Plan in place and approved by council.

10. The District Local revenue collection has not decreased in nominal figures from previous FY

Additional incentives – The Performance Measures

An element of performance was incorporated into the LDG allocation from the second Assessment of

Minimum Conditions to improve performance in core functional areas namely; (i) Functioning of District Council and implementation of the Annual work plan (ii) Financial Management and Internal Audit (iii) Local Revenue Performance (iv) Communication, Transparency and accountability to the Public (v) Staff functional capacity and monitoring. By introducing incentives to improve performance, the PFM/PEM systems, procedures and practices at the local level will be improved.

Twenty percent (20 %) additional allocations will be given to the LGs based upon their **weighted performance** scores. This means that LGs that have performed well in the past year will be rewarded with a greater proportion of the 20% for the following year.

LGs will be supported from the DDP/LDG in terms of capacity building, technical assistance and training to enable them to address the identified gaps and weaknesses.

The goals of the DDP Programme are "increasing enabling access to public services, improving local government service delivery, increasing and promoting accountability, enhance local autonomy and service delivery".

First, the strategic objectives and the expected outcomes are not directly targeting poverty reduction, so there is no reason for an "**equalising mechanism**", but more for ensuring a good functioning of the system.

The DDP implementation strategy is selecting a set of **intervention tools** (creating the local grant mechanism, performance measures, establishing the minimum conditions, decentralisation of services to the local level, and building capacity of line ministries), which are **highly relevant for addressing the targets,** but may not be the most relevant to directly reduce poverty in the Local Districts in the short term. The minimum conditions and intervention tools are relevant for increasing local level sector deliverability and accountability, therefore the incentives provided by the minimum conditions and the guidelines should focus in enabling smooth operation of this mechanism at the LG level.

The LDG grant transfers funds to the local level and the goal is to increase accountability and increases autonomy of LG. The **amount of the grant** does not necessarily need to be increased to reach the expected outcomes. The minimum conditions provide the right incentives to improve functioning and integration of the mechanism through improving general management conditions and capacities at the LG level (PFM management at the local level).

A more effective decentralisation strategy to improve the living standards of the poor should maybe consider additional interventions tools and strategic approaches: a) measures to accelerate growth (LGG) and b) measures to target poor groups directly through enhancing their immediate consumption entitlements.

Recommendation: This discussion with the Government is needed in the DDP and needs to be aligned with: National sector and regional Priorities for poverty reductions, and unpacking of functions. The discussion today of the alternatives and consequences is fragile: if the grants are overlapping other grants other transfers etc. This discussion and analysis should be encouraged to avoid overlaps and provide the right incentives.

What are the DDP "priorities"

Grants are an effective conducive mechanism, but they do not have a targeting element if not properly guided by national or regional goals. The National Priorities (Targets, goals)[68] for decentralisation have not been clearly stated in the Decentralisation Policy. The response to these questions determines the type of implementation policy to be formulated. There is a trade-off for ineffective and scare public resource funding: Health in Butha Buthe versus roads in Mokhotlong? A recommendation is that the national priorities should guide the prioritisation of the devolution of functions in decentralisation.

The proposed equalising principles in the DDP are limited to some population and land area variables, following "The transparent formulae" applied for horizontal allocation across the LGs. Beyond the relevant minimum conditions and additional incentives there is no allocation formula. Piloting of these conditions is a

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[68] "The Government will work with stakeholders to ensure that the policy objectives set herein are realised in the next 10-15 years, and appropriate measures are put in place to scaleup and sustain the associated benefits during subsequent years".

<u>relevant exercise</u> and is providing a good feedback on the functioning of local government, but cannot be considered a reallocation mechanism yet.

The "**Equal for all**" formula in Lesotho is an expensive decentralisation solution in a country where public service delivery is already expensive and inefficient; and where the revenue collection prospects are insufficient to cover for LG expenditure.

The **Local Grant LGG transfer system** has set a number of requirements to comply with as criteria (financial statements, population size, poverty index, external audits, etc.) which do not necessarily are acting as incentives.

<u>Recommendation</u>: Conditions in early stages of decentralisation should maybe be linked to variables they can control. At this stage, instead of population, maybe willingness to improve PFM through a stronger capacity building programme.

Recommendations: Some notes to improve the grant **transfer system** in the future are[69]:

1. **Adjusting vertical imbalances** – If the MoLGC wants to close the big existing **fiscal gap** between expenditure assignment and revenue assignments. The transfers may be used to reallocate/ redistribute and even up and ensure that LGs have adequate revenues to discharge designated functions (expenditure needs), especially as other types of revenues (taxes, user fees, charges etc.) cannot generate adequate revenue for LGs in Lesotho;

2. **The capital Grants program is compensating District Councils** for complying with central government requirements and implementing programs which have been decided and formulated ta the central government level and then are delegated to the LGs. How many Programs MoLGC are being implemented? See Annex (Rural Roads, Solid waste, etc.). This capital investment transfers have NO significant strategic component in the allocation criteria and provide for no planning capacity to the DC.

3. **The capital grants are not adjusting horizontal imbalances** – The **equalisation factor is not working. It is not functioning in the National Capital Investment grants, but is also NOT functioning in the DDP local grant allocation mechanism.** For example, "equalising" would be transferring grants from Maseru council (high level of service provision/ revenue collection) to Mokhotlong (very low both and very little potential for growth). This kind of criteria can be used to "equalise" the District Council´s conditions for **service provision** and to bring the LGs closer to a balance situation where all of them, potentially, have about the same ability to provide basic services to the citizens. Extra resources are transferred to LGs with lower PFM capacity and/or higher expenditure needs than the average national level. This does NOT happen in Lesotho and is not contemplated in the DDP now, but maybe studied in the future.

   Conclusion: The DDP allocation <u>formula and criteria are relevant at this early stage of decentralisation</u>, but they are not providing today the inceptives for "equalisation". In any case, the government should discuss and analyse what are the potential priorities to conduct equalisation.

<u>Recommendations</u>: "This concept is very appealing but, Decentralisation in Lesotho is at very early stages and not ready for this. There are at least 3 District council which have a very limited capacity for growth, very

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1.   Performance Grant Agreement in Improving Local Government Service Delivery, Michael Shaeffer, INFUD, Hirokaiki Suzuki, SAFIN, The World Bank, 2000; and "Intergovernmental Fiscal Transfers: Some Lessons from International Experiences" by Richard M. Bird and Michael Smart, University of Toronto, February 2001.

scarce potential population growth (in fact regressive), no strategic economic development potential, no trade, nor traffic supporting a "secondary cities" development plan, etc. Today, there is no clear priority to make use of equaliser".

4. The DDP fits into a **"coordinating, harmonising and influencing Local Government"** LG **spending, in line with central government goals** of devolving and decentralising provision of services.

5. **Ensuring efficiency in LG (revenue mobilisation Not in Lesotho)**, **financial management and utilisation of funds[70]**. Transfers should not create negative incentives for LG expenditure management.

Poverty related transfers:

Inter-governmental transfer system should be designed to meet equilibrium of both: 1) anti–poverty strategy accelerating economic growth (Butha Buthe) and 2) directly improving the social entitlements of the poor (Mokhotlong).

General improvement in capabilities of poorer regions will require improvement in **physical and social infrastructure** in these regions- Extremely cost efficiency very low efficiency of public services.

Thus, anti-poverty strategy involves an optimal mix of both general purpose and specific- purpose components. The former should be equalising; it should enable the fiscally disadvantaged subnational councils and districts units to provide comparable levels of public services at comparable tax rates. In addition, specific purpose transfers are necessary to ensure that some specified services, which directly impact on poverty, are provided at required quantities. We are in the decentralisation strategy in Lesotho still far from making these kind of considerations.

General-purpose transfers:
The rationale for **equalising transfers** on **equity and efficiency** grounds is controversial issue, where LG have a larger capacity to make development plans and collect resources but this is not the case in Lesotho.

Analysis of the criteria to allocate disburse the DDP grants:

i) the determination of the size of the transfer pool: If the goal is to enhance capacity, the size should not be as big. Advise to increase the Capacity Building Grant instead of the LDG.

ii) the determination of the distribution of the resources between qualifying local government jurisdictions should encourage a "qualifying" and progressive improvement balance of criteria (not yes or no; not sending the financial statements, but improving the quality of the financial statement every year….to provide additional incentives).

iii) the guidelines and conditions imposed for the use of funds at the local level should be more oriented/focused (retooling and capacity building) on improving the local PFM capacities. Today they are good and relevant, but can be further improved: not oriented towards creating capacity/

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[70] Conceptual Basis for Performance Based Grant Systems and Selected International Experiences, by Jesper Steffensen and Henrik Fredborg Larsen, 2005 for an overview of the performance based grants and a forthcoming publication on the same subject by UNCDF, Jesper Steffensen (Draft 2009).

too much capital investment/ too weak capacity building)

The first classification or criterion is whether the grants are **specific/conditional**. The DDP grants can be spent on any sector (agriculture, infrastructure, water, etc.), so they do not have specific purposes (not categorical). The DDP grants are general purpose (unconditional and non- categorical) type of grants. Relevance will improve if use of grants is conditioned to one or two priority sectors matching with regional development priorities.

Another matter is that the DDP grants are lump-sum amount, a fixed amount based on a calculation, meaning based on only conditions they have to comply but not a "matching" principle (minimum target for disbursement criteria) such as budget support. A possible solution to increase **relevance and sustainability** to increase efficiency is ensuring/enforcing that the LGs have to cover a given percentage of the expenses, e.g. 5-10 % (LG counterpart contribution). The MTE team has observed that LG are encouraged to achieve the minimum requirements with technical assistance and this maybe a spurious incentive at this stage.

The allocation criteria should consider more "performance-based" type of ingredients, to encourage the use of the mechanism to be strengthen: Financing reporting, auditing, etc. An allocation system, where the size of the grants is adjusted against the local governments' performance, typically based on calculations of the appropriate expenditure needs, rough estimates or availability of funding in the LG, reviews of absorptive capacity, minimum level required for meaningful investments, etc.