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I. Situation analysis

1. Lesotho, a small, lower-middle income country, has made development progress over the past decade but remains vulnerable to internal and external disturbances. It has built democratic institutions with good representation of women, established policies and legislation conducive to social transformation and embarked on public sector reform. It has largely overcome disputes arising from the 2007 elections through political dialogue, culminating in the adoption of an improved electoral law in 2011.

2. Yet governance institutions and non-state actors lack the capacity to deliver services, especially at the local level. The potential for conflict linked to political and social instability remains high, especially given the emergence of intra-party divisions in the lead-up to the 2012 national elections.

3. While the country surpassed its 2010 gross national income target of $600 per capita, it is unlikely to reach its annual gross domestic product growth target of 7 per cent for 2016-2020, and poverty levels remain high (56.6 per cent), especially in rural areas. Excessive dependence on Southern Africa Customs Union receipts and miners’ remittances (equivalent to 34 and 39 per cent of the 2010-2011 budget, respectively) makes the country vulnerable to external disturbances and slows its growth trajectory. This situation is exacerbated by the lack of a sustainable economic model, a weak private sector, mismatch between skills and needs, undiversified productive capacity and limited access to finance. The result is acute unemployment (29 per cent). Joblessness soared between 2007 and 2010 when a retrenchment of migrant mine workers and a decline in textiles exports resulted in job losses that affected a large proportion of female workers.

4. From a socio-economic perspective, progress towards the Millennium Development Goals is mixed. Achievements in education and gender are strong, with a net school enrolment rate of 81 per cent in 2009 and a gender ratio that favours girls. Lesotho is ranked first in Africa and eighth in the world in bridging the gender gap and has adopted several gender-sensitive laws. Nevertheless, women continue to face challenges due to cultural norms that limit their ability to take advantage of newly sensitive laws. Nevertheless, women continue to face challenges due to cultural norms that limit their ability to take advantage of newly attained opportunities. The other Goals are mostly off track, particularly in health, with high maternal, child and infant mortality levels. With an HIV prevalence of 23 per cent, Lesotho ranks as the third worst-affected country in the world, limiting life expectancy to 40 years in 2010.

5. Lesotho is uniquely positioned in a mountainous area completely surrounded by South Africa, which has the largest economy in sub-Saharan Africa. Lesotho has ample natural resources: water, wind, solar energy, and diamonds. This creates opportunities to generate resources but also deepens inequalities between remote, rural mountain regions – with limited access to energy and markets – and the more urbanized lowlands. Many opportunities exist for regional cooperation, especially with South Africa, yet these have not been fully developed. Similarly, despite a small donor base, Lesotho has strong development partnerships (such as the European Union, World Bank budget support, and the Millennium Challenge Account) but is unable to leverage these to the full due to capacity constraints, weak management and a lack of collaborative approaches.

6. Lesotho enjoys a small carbon footprint and has successfully piloted renewable energy solutions. Its topography, however, makes it vulnerable to natural disasters (floods and droughts), worsened by climate change in the form of shifting precipitation patterns. This has serious implications for agro-ecological conditions and threatens livelihoods and food security. The potential for conflict is enhanced as 70 per cent of the population depends on arable land, which is limited to 10 per cent of the land surface due to land degradation. Shortfalls in production quickly result in an increased need for food imports. Moreover, the lack of a coordinated national climate change policy or cross-sectoral mainstreaming of environmental concerns prevents the country from following a resilient and environmentally sustainable development path.

7. The national strategic development plan, 2013-2017, seeks to address these challenges through increased access to global markets, trade and investment; job-led
growth powered by a dynamic private sector; strengthened governance and institutional coordination; and integrated environmental management.

II. Past cooperation and lessons learned

8. The previous country programme reflected an integrated approach to poverty reduction, environmental management, democratic governance, and the cross-cutting areas of HIV/AIDS and gender, based on policy support and strengthening institutional capacities.

9. The proposed programme will build on and scale up key achievements. A creative approach to building capacities for service delivery – setting up an internal change management advisory service in the Ministry of Public Service to assist line ministries – will serve as a blueprint across the programme for transformative leadership and capacity development. Groundwork was laid in basic research and analysis in the area of statistics and use of data, including the establishment of a continuous multi-purpose household survey and capacity assessment of national monitoring and evaluation systems, which can evolve into more institutionalized monitoring of national development performance. Successes in coordinating stakeholder and community engagement to use renewable energy – evidenced by increased access to energy in the rural communities, facilitated by a public-private partnership – and the public-private partnership model used in the Maseru city council project establishing a private-sector-led waste management project (servicing roughly 10 per cent of the population) pave the way for increased private-sector engagement. Building collaborative capacities, for which UNDP is recognized, resulted in the peaceful resolution of electoral and inter-party disputes; this methodology can be extended to address issues of collaboration and leadership in all substantive areas.

10. Despite clear results, evaluations have revealed critical issues that require remedy in the new country programme: fragmented, uncoordinated interventions that have little impact; a lack of effective cross-sectoral coordination; and poor integration of cross-cutting issues into the programme. The United Nations Development Framework evaluation, 2011, indicated that policy development should also be accompanied by increased support for implementation, with a sharper focus on building national capacities. These issues are tackled through a revamped programme strategy for 2013-2017 and a division of labour within the United Nations country team that allows the various organizations to make complementary investments to achieve shared outcomes.

III. Proposed programme

11. The country programme document is an integral part of the United Nations Development Assistance Framework, 2013-2017, under which the United Nations family, ‘delivering as one’, fully anchors its programme into the national strategic development plan. It is also congruent with several elements of the 2011 Istanbul action plan for least developed countries and the ‘Rio+20’ agenda for sustainable development. Further, the design and implementation of the programme allow for cross-thematic integration, linking policy and normative issues such as access to energy and gender equity to decentralized public service delivery. This approach supports effective mainstreaming and responds to the Government request for comprehensive implementation support.

12. The programme strategy is to support Lesotho in leveraging its development opportunities and resources to transform the economy, empower the Basotho people, and build resilience. To that end UNDP will address three areas that lie at the core of the development challenge – capacity, coordination and collaboration – in each of the three pillars of sustainable development: economic, social and environmental. Two themes hold prominence in the programme strategy: a leadership engagement initiative and the convening role of UNDP.

13. Capacity-development will take three forms: (a) individual skill-building (complemented by work of the International Labour Organization and the United Nations Educational, Scientific and Cultural Organization – in a context where existing skills
training is inadequate and large numbers of qualified workers move to South Africa – especially in leadership, collaboration, project management and technical skills; (b) institutional transformation, with a focus on strengthening organizational structures and processes, performance and incentive systems, and cultural change; and (c) a system-wise enabling environment. **Coordination** will address inter-ministerial coordination and leadership on key government-wide initiatives – such as decentralization and climate change, as well as the cross-cutting issues of HIV/AIDS, gender and disaster risk management – and wider stakeholder coordination across governance institutions, civil society and the private sector (private-public partnerships, for example). Supporting **collaborative** capacities will bring new consensus-building behaviours into forums dealing with contested issues, not only in the political arena, but also in public planning and decision-making. This will introduce and strengthen the use of tools for good process, such as stakeholder analysis, joint process design, diversified channels of input, and the expanded use of ‘reporting back’ to keep stakeholders informed.

14. Gender will be addressed across all programmes, including those related to women’s employment, skills development and access to finance. Work on maternal health will be coordinated using the Millennium Development Goals acceleration framework. A post-2015 strategy for the goals, anchored in the timeframe of the national strategic development plan, will also be reflected. With respect to HIV/AIDS, UNDP will focus on coordination linked to AIDS governance, socio-economic research and analysis, and policy advisory and planning support to permit a strategic, multi-sectoral response.

15. **Focus area 1 – Acceleration of inclusive growth.** The aim is to support the economy in becoming more resilient to external disturbances and volatility by generating inclusive employment. Building on established policies, UNDP will facilitate private-sector engagement, focusing on supporting medium-sized, small and micro enterprises by providing access to technical and vocational skills as well as targeted financial products from micro-finance institutions. In addition, the ‘one-stop business facilitation centre’ will be strengthened to make it easier to establish and manage businesses (by simplifying the registration process, for example). The programme will explore leveraging skills in the Basotho diaspora; remittances for entrepreneurship development; ‘green technologies’ and environmentally sustainable production; and trade capacities for external markets, since UNDP is the donor facilitator for the Enhanced Integrated Framework.

16. An important complementary effort will seek to boost the resilience of the country by contributing to a United Nations joint programme that will assess vulnerability and propose policy and institutional options for a path to social protection in the medium to long term, addressing the needs of target groups such as women, the young, and people living with HIV/AIDS.

17. **Focus area 2 – Sound environmental management for sustainable development.** UNDP assistance will emphasize three interlocking issues to facilitate adaptation to climate change and increased resilience: a low-carbon economy; conservation of natural resources to secure livelihoods and production; and better management of risks related to natural disasters. Policy advisory and technical assistance will seek to improve governance mechanisms addressing environmental and climate change issues, in partnership with the private sector and civil society, increasing awareness, attracting investment (including from international climate-change funds), and strengthening partnerships. An additional effort will support the development and implementation of a rural renewable-energy policy that can provide institutional, financial and technological incentives for the use of ‘green energy’, with special attention to assisting women in both household and economic functions. Productivity and livelihoods will also be secured through natural resources and ecosystems conservation efforts and the establishment of a sustainable land management model that improves food security. Finally, as part of a joint United Nations programme, disaster risk management will be integrated into sectoral plans and a more comprehensive early-warning and disaster recovery system will be developed and phased in.
18. **Focus area 3 – Good governance and accountable institutions.** Emphasis will be placed on four complementary efforts that together boost institutional leadership, performance and accountability, citizen participation and mechanisms for maintaining social peace. They target core democratic institutions such as the independent electoral commission, the ombudsman, the parliament, the human rights unit and ministries critical to policy and institutional reform. *First,* in order to build capacities for the accountability of state and non-state institutions, the programme will help establish agreed performance and efficiency standards and monitoring mechanisms, complemented by a robust civic education programme and support to the private sector to encourage public awareness, advocacy and a demand for accountability. Both elements will incorporate specific measures to set gender-sensitive standards as well as outreach and participation targets. *Second,* the programme will support decentralization through the establishment of a legal and institutional framework and capacity development of local government, with an emphasis on improved service delivery to meet performance benchmarks that can fulfill the criteria for general budget support and access to the Millennium Challenge Account.

19. *Third,* UNDP advisory work on policies affecting HIV/AIDS and work on national coordination structures and civil society capacities will constitute a critical means of testing ways to improve the outcomes of public services and programmes and sharpen their relevance and accessibility to women and youth.

20. *Fourth,* for all of these efforts to take root, a stable and peaceful democracy is needed, and UNDP will facilitate the creation of national peace architecture with special attention to building capacity for mediation, conflict prevention and social cohesion that provides scope for women to play an active role in securing social peace.

21. Finally, in the separate but interlinked area of socio-economic data and analysis, UNDP will reinforce performance and accountability through support to the national strategy on development statistics and the national monitoring and evaluation system. The programme will expand the capabilities of the national statistical system and associated institutions for data collection, analysis, monitoring and evaluation, and will generate information on, inter alia, key disparities by gender and other socio-economic parameters. It will also support the adoption of practical, standardized socio-economic analysis methodologies for evidence-based policymaking and planning.

### IV. Programme management, monitoring and evaluation

22. A network interface module with support services will be the preferred modality, together with other methods of implementation, such as a dial-backup interface module, used in agreement with the Government. The management, monitoring and evaluation of the programme will include regular quarterly progress reviews, joint annual reviews, programme and outcome evaluations, and joint monitoring and evaluation of the United Nations Development Framework action plan.

23. The office is restructuring to align itself with the proposed programme and is strengthening its operational capacities to permit faster, more efficient implementation. Continuous monitoring of needs will facilitate further adjustments as required.

24. UNDP will strengthen its model of engagement with partners, stressing clear need as a basis for involvement, expanding research and analysis as a foundation for all work, supporting national ownership and leadership, and exercising flexibility in implementing the programme. UNDP will seek out opportunities to expand South-South cooperation, including regional cooperation, not least by leveraging the proximity of South Africa. UNDP will support government efforts on aid coordination and will play an active role in the development partners’ forum. Within the ‘delivering as one’ context, UNDP will participate in implementing the harmonized approach to cash transfers.
## Annex: Results and resources framework for Lesotho, 2013-2017

**National priority or goal:** High shared and employment creating economic growth

### UNDAF/country programme outcome no. 1: By 2017, public and private institutions promote increased investments, manufacturing, trade and financial services and create decent employment in an inclusive, sustainable manner. **Outcome indicator:** No. of jobs created for women and youth; increase in no. of microfinance service providers; increase in no. of people accessing microfinance; no. of people with decent employment. **Related strategic plan focus areas:** Poverty reduction and achievement of the Millennium Development Goals.

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<tr>
<th>Government partner contribution</th>
<th>Other partner contributions</th>
<th>UNDP contribution</th>
<th>Indicator(s), baselines and target(s) for UNDP contributions</th>
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<td>MFDP, Ministry of Trade, Industry Cooperatives and Marketing: participation in analysis; facilitating taxation, credit, business registration and trade policies; regulations for private sector development; support for green technology standards.</td>
<td>United Nations: joint programme on social protection; technical collaboration on trade facilitation and value chains. National, regional research institutes and civic actors: socio-economic analysis; advisory support; mobilize target groups; monitor performance. Dev’t partners: financial and technical support to private sector initiatives.</td>
<td>‘Enablers’ for private sector development: promote small/medium enterprise formation and sustainability (taxation, credit, registration and setup); entrepreneurship skills dev’t; access to financing; technical support to OBFC; trade capacity development. Assessment and dev’t comprehensive social protection options (HIV sensitive).</td>
<td><strong>Indicators/baselines/targets:</strong> Percentage of target group provided entrepreneurship skills training Baseline: to be determined; target: 5% youth entering labour market (60% women) Access to financial services Baseline: &lt;30% of population; target: 45% (at least 33% women) No. of days to register a business Baseline: 40 days; target: 7 days An agreed social protection framework Baseline: no framework; target: cross-party/stakeholder support for a HIV-sensitive social protection policy</td>
<td>Policy and regulatory options for environment friendly to micro, small and medium enterprises endorsed by stakeholders and implemented. National skills dev’t programmes (re)designed for market relevance and sustainability Targeted financial products for such enterprises. OBFC fully functional. Social protection policy options assessed and endorsed.</td>
<td><strong>Regular:</strong> 720,000 <strong>Other:</strong> 500,000</td>
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### National priority: Reverse environmental degradation and adapt to climate change

**UNDAF/country programme outcome no. 2:** By 2017 Lesotho adopts environmental management practices that promote a low-carbon, climate-resilient economy and society, sustainably manages natural resources and reduces vulnerability to disasters. **Outcome indicator:** No. of national/sectoral policies and strategies that promote low-carbon, climate resilient economy and society; no. of national/sectoral policies that promote conservation of natural resources; no. of local communities that implement disaster risk reduction measures. **Related strategic plan focus area:** Environment and sustainable development

| MFDP: achieve concrete sectoral environment plans and budgets. Gov’t: establish CC coordination; provide enabling environment for private sector participation; commit to market-led rural electrification; implement DRM policy and legislation. | UN agencies: joint programming on DRM, CC/SLM initiatives. CSOs: mobilization, public awareness, Private sector: participation in design, launch and extension of PPP arrangements and options for adoption of climate change-sensitive approaches and technologies. | Policy advocacy, coordination and integration of financing, investment and partnership options for CC and renewable energy in rural areas. Scale up a sustainable land management model. Technical assistance to DRM coordination and implementation. | Increase CC funding from int’l sources; Baseline: app. $6m; target: 100% increase. No. of low GHG installations tested through PPP arrangements. Baseline: >9,000; target: 10,500 Access to renewable energy in rural areas (no. of rural communities, households (women-led disaggregated) Baseline: 50 rural communities, 1,300 hh; target: 60 more Communities, 1,500 hh An operational national SLM model Baseline: none. Target: In place, meeting roll-out targets An operational early warning system. Baseline: some elements; target: in place. | Sectoral plans with CC implementation, institutional arrangements in place. Rural renewable energy policy applied in communities in all districts. SLM in place with sustainable income-generating activities. Early warning system operational. | **Regular:** 1,200,000 **Other:** 6,000,000 |
**National priority or goal:** Promote peace and democratic governance, and build effective institutions

**UNDAF/country programme outcome no. 3:** By 2017, national and local governance structures deliver high-quality services accessible to all citizens respecting the protection of human rights, access to justice, and peaceful resolution of conflict; **Outcome indicator:** Quality of public services (citizen surveys); no. and type of institutions promoting gender equality and human rights; level of risk of conflict. **Related strategic plan focus area:** Democratic governance

| Gov’t: lead public administration reform. MFDP, Min. of Local Governance: policies for and implementation of decentralization. Min. of Public Services: lead on capacity development for other government bodies. Gov’t institutions (IEC, Parliament, etc.): lead policy implementation. | UN organizations: joint programme on HIV European Union, IrishAid, GIZ: coordinated response to public sector reform; financial support for decentralization. Millennium Challenge Account, World Bank: budget support CSOs: public awareness, mobilization and participation for social accountability. | Development and follow-through for increased institutional performance and accountability through standards, organizational and process design, dialogue, technical inputs and targeted skill improvements focusing on public service, non-state actors, decentralization, peacebuilding. Facilitate HIV response coordination and mainstreaming across public service. | **Indicators/baselines/targets:** Percentage of targeted governmental entities (national and local) that meet revised standards of public service Baseline: t.b.d.; target: 45-50% of national institutions; and 25-30% of local governments Increase in no. and quality of inquiries to democratic institutions(e.g. public spending) Baseline: t.b.d.; target: 25-30% increase Non-state actors active in public oversight Baseline: limited and varied; target: in two critical areas CSOs meet int’l benchmarks An operational national peace architecture Baseline: some elements exist; target: in place and meeting phased rollout targets | Revised gender-sensitive public service standards in place. Key services decentralized and better access in remote areas. Capacity assessments completed, structures and skills enhanced for key democratic institutions and CSOs to exercise oversight function. Public sector guidelines and action plan for HIV and gender mainstreaming. Functional national peace architecture in place. | **Regular:** 1,200,000 **Other:** 9,000,000 |

**National priority or goal:** Build effective institutions and promote democratic governance

**UNDAF country programme outcome no. 4:** By 2017, national and lower-level institutions make evidence-based policy decisions. **Outcome indicator:** Existence of a coordinated statistical and an integrated monitoring and evaluation system; Availability of up-to-date data on MDGs and human development indicators. **Related strategic plan focus area:** Poverty reduction and the achievement of the MDGs.

| MFDP: lead on the development of a national statistical and monitoring and evaluation system, and coordination of all state actors. | United Nations organizations and development partners: coordinated support to national statistical and monitoring and evaluation system | Development of systems, structures and skills for a national statistical and functional monitoring and evaluation system to monitor MDGs and for evidence-based analysis. | **Indicators/baselines/targets:** Existence of coordinated, disaggregated data collection & analysis mechanism Baseline: limited; target: in place No. of line ministries linked to monitoring and evaluation mechanism Baseline: none linked; target: all | National statistical and monitoring and evaluation system with timely, reliable and relevant data in place. Regular socio-economic analysis. | **Regular:** 600,000 **Other:** 400,000 |
Abbreviations used in annex table

CC: climate change
CSO: community service organization
dev’t: development
DRM: disaster risk management
DRR: disaster risk reduction
GHG: greenhouse gases
GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit
Gov’t: Government
hh: households
IEC: Independent Electoral Commission
MDG: Millennium Development Goal
MFDP: Ministry of Finance and Development Planning
OBFC: one-stop business facilitation centre
PPP: public-private partnership
SLM: sustainable land management
t.b.d.: to be determined