

**SIGNATURE PAGE**

Country: Lesotho

UNDAF  
Outcome(s)/Indicator(s):  
Expected  
Outcome(s)/Indicator(s):

Capacity developed for strategic partnerships in sustainable access by poor people to productive resources and basic social services.

**Outcome 1.** Increased involvement of communities and private sector in the of provision basic services and infrastructure in MCC and other councils through PPP interventions

**Indicator:** Policy Framework on Stakeholder involvement in the provision of basic services

**Outcome 2.** Improved Capacity for Public Private and Civil society actors involved in the provision of basic services

**Indicators:** Number of PPP initiatives implemented in Lesotho

Expected  
Output(s)/Indicator(s):

**Output 1.** Communities and private sector are involved in prioritization and decision making on provision of basic services

**Indicator1:** Participatory approach to provision of basic municipal services adopted

**Indicator2:** Review of the existing Policy and Regulatory Frameworks for PPPs carried out and Policy guidelines and appropriate legislations recommended and adopted by all stakeholders.

**Output 2.** Stakeholders are exposed to PPP approaches and best practice in the provision of basic municipal services

**Indicator1:** Number of PPPUE initiatives implemented in Maseru to improve provision of basic municipal services for the poor in deprived communities

**Indicator2:** Number of jobs and livelihoods created through PPP contract options

**Output 4.** Identification of PPP initiatives for provision of basic urban environment in other municipalities

**Indicator1:** Number of businesses started through the PPPUE initiative

**Indicator2:** The number of people that have gained access to at least one of the basic services provided by MCC.

Implementing partner:

Maseru City Council


Responsible Parties:

Ministry of Local Government, Maseru City Council & UNDP

Programme Period: March 2006 - August 2007  
Programme Component: MYFF Service Line 1.3 - Local Poverty Initiatives  
Project Title: Sustainable Partnership for Provision of Essential Services in Maseru  
Project ID:  
Project Duration: 18 months  
Management Arrangement: NEX/DEX

Budget	<b>US\$128,000</b>
General Management Support Fee	<b>US\$8,000</b>
Total budget:	<b>US\$120,000</b>
Allocated resources:	_____
• Government	_____
• Regular	_____
• Other:	_____
○ Donor	_____
• In kind contributions	_____
Unfunded budget:	_____

Agreed by (Ministry of Finance & Development Planning):   
Principal Secretary, Dr. Moeketsi Majoro

Agreed by (UNDP):   
Resident Representative, Ms. Hodan A. Haji-Mohamud



Government of Lesotho

United Nations Development Programme

**Sustainable Partnership for Effective Provision of Essential Services in Maseru**

**Brief description**

This project forms part of the country office's efforts at ensuring an integrated response to the complex and rapidly worsening development challenges facing Lesotho's Urban areas today, by bringing the public and private sector together, and enhancing their capacity to finding effective means of providing the needed basic services. The project will also contribute to the Country Office's efforts in supporting Government's initiatives to: (a) provide a favourable policy environment for provision of services for urban environment through Private, Public Partnership (PPP); (b) build capacity for the public and private sector institutions that are involved in the provision of basic services (c) provide options for creation of employment and small business opportunities for the poor in the delivery of basic services.

In this regard, this project's efforts of capacity building will be linked to the Country Office's on-going programmes on 'Capacity Building for Effective Local Governance', the UNDP/Habitat programme on Environmental Urban Management/Sustainable Cities and the Poverty Monitoring programme, Strengthening National Capacities to Monitor Poverty Reduction Interventions, and Progress Towards the Achievement of the MDGs.

## Part I. Situation Analysis

Lesotho is a small country, completely surrounded by South Africa, with a population of around 2.2 million. Maseru is the capital and administrative centre of Lesotho and has a population of 350,000 which forms the bulk of the urban population. Over the years, the country has experienced episodes of political tension and conflict culminating with the 1998 violent protests and military mutiny triggered by opposition party disaffection with that year's general elections. Since the 2002 general election there has been a growing commitment towards deepening the country's young democracy. A major step in this direction was the holding of successful local government elections in April 2005. Efforts to train elected local leaders are underway as one means of consolidating the gains already made in local governance as well as to support the government's decentralization policy.

The country faces a number of development constraints. First, HIV prevalence rates have grown alarmingly, rising from 4% in 1993 to 25% in 1999 and 29% in 2004. Prevalence rates Maseru are estimated to be as high as 40%. Second, poverty remains high in Lesotho, with around 60% of the population living below the poverty line. One of the Government's goals is to reduce the incidence of poverty in line with the targets set in the National Vision 2020, the Poverty Reduction Strategy (PRS) and the Millennium Development Goals. However, the continued decline of the number of migrant mine workers and loss of a large number of jobs due to the phasing out of the Agreement on Textiles and Clothing at the end of December 2004 under WTO, has exacerbated the already high unemployment rate. The apparel industry was employing about 50,000 which dropped to 40,000 workers in the past year.

Thirdly, to accommodate growing population pressure, urban settlements have expanded into marginal areas resulting in overgrazing, severe soil erosion and desertification. In urban areas, migration is putting severe pressure on shelter and services as the majority of households are increasingly being accommodated in unplanned neighbourhoods with no safe drinking water, proper sanitation and provision for solid waste management. In Maseru, around 70% of the city's physical developments are unplanned, typically occurring in the peri-urban settlements that constitute a huge part of the area within the city's boundaries. These settlements accommodate a large proportion of low-income households in neighbourhoods with limited services and no security of tenure. Maseru's urban sprawl makes it difficult and costly to provide networked urban services, such as water and sewerage. It also imposes a substantial burden on low-income households as their distant location from centres of employment makes motorised transport expensive.

Another development constraint is the lack of institutional capacity and involvement of other stakeholders such as the Private Sector to respond adequately to the challenges of urban growth. The Ministry of Local Government, the Maseru City Council (MCC), and District Councils are hard pressed to manage urban development and require substantial and strategically targeted private partnerships and capacity building initiatives. Some of the critical environmental issues have been identified as failure to adequately manage solid waste and the city's water resources. These problems are only a part of the wider planning challenges facing the city as a whole and have their roots in the limited planning, involvement of all affected stakeholders and service delivery capacity of the MCC and other services providers.

In its review of development challenges, the current UNDP Country Programme Document underscores the multiple crises caused by the nexus of the HIV/AIDS pandemic, deep-rooted poverty and chronic food insecurity that is undermining past

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gains in socio-economic and human development and threatens the very existence of the state and people of Lesotho if not urgently addressed. A partnership between the public and private sectors has been identified as one way of effectively addressing these challenges.

## **Part II. Strategy**

The strategy of the project is to provide an integrated response to the complex and rapidly worsening development challenges facing Lesotho by providing a conducive environment (institutional, legal, regulatory frameworks) for the public and private sector to work together to find effective means of providing the needed basic services for the poor.

Several attempts to plan and manage the growth of Maseru, since it's founding in 1869, have largely gone unimplemented. The failure to implement previous plans for Maseru has been attributed to a number of causes, which include but are not limited to; inadequate institutional capacity to ensure compliance; inadequate involvement of stakeholders, legal framework for mobilisation of private sector involvement and lack of resources. The long history of failed attempts to guide the growth of Maseru through master plans has convinced Government, MCC and other stakeholders that there is a compelling case to shift towards a participatory, stakeholder-driven process of managing urban development with greater involvement of the private sector.

Learning from these past experiences, the strategy for the project will be to form a viable partnership between the private and public sectors in the provision and maintenance of basic services for the poor. It has already been proven through the implementation of other poverty reduction programmes that community participation in decision making plays an important role in the sustainability of projects and that private sector involvement in service delivery results in cost effectiveness and innovative opportunities for small enterprises.

The capacity of the public, private partnership groups and civil society actors/community groups will be strengthened to ensure that they all understand and play an active role in the provision and management of improved basic municipal services through consultative processes. Particular attention will be paid to the review of the current policy and legislation on involvement of the private sector (formal and informal small scale service providers) in the provision of basic municipal services and the capacity needed by the City Council to regulate and facilitate the provision of quality services.

Since the PPPUE approach is relatively new in Lesotho, awareness raising on the approach will also form an important part of the strategy in addition to mobilization of civil society actors, communities and private sector. Special attention will be given to informal small scale service providers in vulnerable communities within the MCC who have the requisite entrepreneurial skills. These groups will be supported to identify and establish small to medium size enterprises that they can use for provision of basic services to the City Council

as a way of providing them with income and livelihoods. The larger private sector will also be encouraged to bid for the provision of municipal services based on the scope and skills required and source labour from the project communities.

of baseline information. Accordingly, the strategy will be to collect and compile information needed in pilot area/s, in a systematic manner, to support plans to provide water, sanitation, roads and other basic urban services and replicate the lessons learnt in other settlements and in other sectors.

There are several initiatives within the context of the PRS that have similar objectives to this project, including the CO's programme on Capacity Building for Effective Governance, the UNDP/Habitat programme on Urban Management/Sustainable Cities and the Poverty Monitoring programme, Strengthening National Capacities to Monitor Poverty Reduction Interventions, and Progress Towards the Achievement of the MDGs and the GEF supported programme on National Capacity Self Assessment. The proposed strategy will interface with these initiatives to ensure complementarity, and avoid duplication.

#### ***Contribution of Project to the MDG's***

The project will contribute towards the attainment of goal 1 and 7, namely eradicate extreme poverty and hunger and ensure environmental sustainability, of the Millennium Development Goals. During the lifespan of the project, a number of livelihood jobs would be created; small local businesses will be enabled to income generation, while increasing revenue generated for the Municipal Council. In the same manner, there would be a percentage increase on the number of poor people who would have access to basic services; thereby contributing towards environmental sustainability. Another contribution to the MDGs is the provision of infrastructure such as roads, which will improve the community's access to facilities such as health and education services.

#### ***Target Beneficiaries***

It is anticipated that all communities residing within the municipal boundaries (i.e. 313 150 inhabitants) would indirectly benefit from the project. Further, the poor and vulnerable groups, especially women and youth would benefit directly in terms of improved livelihoods.

#### **Part III. Management Arrangements**

The project will be nationally executed by the Maseru City Council (MCC) with the aim of replicating it nationally. Day to day management of the project will be the responsibility of a Project Manager who will be a full time employee of the MCC. He/she will be answerable to the Town Clerk of the Maseru City Council. He/she will have specific and direct responsibility for coordinating project implementation, and day-to-day operations and administration and mobilization of support from key stakeholders. All consultants shall be fully responsible to the Project Manager for the day to day discharge of their duties under the project. The Government of Lesotho (GoL) will be responsible for the financial management of the project. Should the Government/MCC be unable to provide its own post to carry out financial management of the project, UNDP will provide this service to the project and the necessary administrative and accounting services on cost recovery basis. This not withstanding, full responsibility for implementation the project rests with the Council.

The UNDP Country Office will ensure the timely provision of inputs and will oversee and monitor the project jointly with the Council, in accordance with an approved monitoring plan to ensure that the project is implemented effectively to achieve the desired results.

There will be a steering committee made up of representatives from the Private Sector organisations, Communities, NGOs, and other stakeholders drawn from different government departments and ministries (including Private Sector Development & Financial Affairs, Trade, Roads Branch, Department of Lands, Survey and Physical Planning (LSPP), Department of Energy & Lesotho Electricity Corporation (LEC), Water and Sewerage Authority (WASA), Telcom Lesotho and the office of the

District Administrator). The Steering Committee will oversee proper and effective implementation of the project

#### **Project Partners, Roles and Responsibilities**

The Maseru City Council will be the lead implementing agency and will coordinate all stakeholders involved in this project. The MCC will provide oversight and engender a conducive environment to facilitate the participation of the private sector and civil society in the provision of basic services for the inhabitants of Maseru, especially the poor.

*Lesotho Association of Employers and Business* will sensitise and mobilise appropriate private sector to provide and manage quality services in the provision of infrastructure for basic services and create jobs for the poor.

*Lesotho Council of Non-Governmental Organisations* will identify key requirements and guide the public and private sectors on those that take precedence for the poor. It will be instrumental in mobilizing and sensitizing the poor to take part in the provision of basic services within their areas of residence.

#### **Audit Requirements**

The MCC will provide UNDP with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of project funds according to the established procedures set out in the UNDP Programming and Finance manuals. The Audit will be conducted by the legally recognized Government auditor, or by a commercial auditor engaged by the Government. At the end of each Audit, the Government, through the Executing Agency, will provide UNDP with an Action Plan clearly stating the planned activities to implement the recommendations of the Audit and also provide UNDP with a progress thereof.

#### **Part IV. Project Duration**

The intended duration of the project is 18 months. However, the intension is to mobilise resources in this period to replicate it in other urban centres and sustain the process beyond this period.

#### **Part V. Reporting, Monitoring and Evaluation**

The project will comply with UNDP's monitoring, evaluation and reporting requirements, as spelled out in the UNDP Programming Manual. An inception baseline report will be prepared at the beginning of project implementation, followed by an annual work-plan. Quarterly Progress Reports will be submitted to UNDP by the Executing Agency to provide a brief summary of the status of activities and output delivery, explaining variances from the work plan, and presenting work-plans for each successive quarter for review and endorsement. The Quarterly progress reports will provide a basis for managing disbursements. Project reports to PPPUE Management Unit will be submitted on quarterly basis based on a format to be shared with the Country office.

An Annual Project Report (APR) will be prepared to summarize and evaluate work in progress in more detail. The APR will be reviewed by the Steering Committee, which shall make recommendations to the executing agency and UNDP regarding subsequent scheduling of project activities. A Terminal Report will be prepared upon project completion and reviewed by the terminal tripartite committee.

#### **Part VI. Legal Context**

The legal context for UNDP-assisted programmes and projects in the Kingdom of Lesotho is established by the Standard Basic Assistance Agreement signed by both parties on 31<sup>st</sup> December 1974. This Programme Support Document (PSD) shall be the instrument (therein referred to as a Plan of Operation) envisaged in Article 1, paragraph 2, of the above agreement. The following types of revisions may be made to this PSD with the signature of the UNDP Resident Representative only, subject to assurance that the other signatories of the PSD have no objections to the proposed changes:

- a) Revisions in, or addition of, any of the annexes of the PSD
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the programme, but are caused by the rearrangement of inputs already agreed or by cost increase due to inflation.
- c) Mandatory annual revisions which re-phase the delivery of agreed programme inputs or increased expert or other costs due to inflation or take account of agency expenditure flexibility.

**Section II. Results And Resources Framework**

<b>Intended Outcome as stated in the Country Programme Results and Resource Framework: 1.Establishment of favourable environment for provision of basic services in Maseru</b>				
<b>Outcome Indicators as stated in the Country Programme Results and Resources Framework: PPP Policy Framework in place</b>				
<b>Service Line: Service Line 1.3 - Local Poverty Initiatives</b>				
<b>Baseline: Limited involvement of stakeholders, especially Private Sector in the provision of basic services</b>				
<b>Partnership Strategy: MCC, Private Sector, NGOs, CBOs</b>				
<b>Project title and ID (ATLAS Award ID):</b>				
<b>Intended Outputs</b>	<b>Indicative Activities</b>	<b>Output Targets/Indicators</b>	<b>Responsible parties</b>	<b>Inputs</b>
1. PPP Policy Framework	<p>1.1 Mapping of Basic Service provided by the Council including the quality of service</p> <p>1.2 Identification and prioritization of needed basic services → 4.3</p> <p>1.3 Harmonisation with existing programmes → 3.4</p> <p>1.4 Review of existing Policy and Regulatory Framework for Private Sector involvement in provision of municipal services</p> <p>1.5. Development of Policy Guidelines and Legislations for local level PPP ventures in provision of urban environment/municipal services</p>	<p>Services provided by MCC mapped and capacity gaps identified (including baseline data on population without access to basic services)</p> <p>Document containing existing policy, regulatory frameworks and gaps for private sector involvement with recommended Policy guidelines (including local preference policies for previously disadvantaged) and supportive legislations to promote local level PPP ventures</p>	MCC/UNDP/RSC/Private Sector	Workshops, training Consultations, technical support, consultants

<i>Intended Outcome as stated in the Country Programme Results and Resource Framework: Capacity Building for effective service delivery</i>				
<i>Outcome Indicators as stated in the Country Programme Results and Resources Framework: Improved Capacity for PPPUE in basic service delivery</i>				
<b>TTF Service Line: Service Line 1.3 - Local Poverty Initiatives</b>				
<i>Baseline Absence of institutional capacity to develop and empower SME for provision of basic services and creation of employment.</i>				
<b>a. Partnership Strategy: MCC, Private Sector &amp; UNDP</b>				
<b>Project title and ID (ATLAS Award ID):</b>				
<b>Intended Outputs</b>	<b>Indicative Activities</b>	<b>Targets/Indicators</b>	<b>Responsible parties</b>	<b>Inputs</b>
2. Improved Capacity developed to Empower MCC, Private Sector (formal/informal SMEs larger private sector enterprises) NGOs/CBOs, to promote and provide improved basic services for deprived communities within Maseru and create employment opportunities.	2.1 Assess and Review the capacity of MCC in the delivery of basic services and contract compliance  2.2 Stakeholder Sensitization and Mobilisation of key civil society partners for community awareness campaigns 2.3 Public awareness raising and promotion of PPPUE concept 2.4 Identification of Private sector Partners, assessment of training needs and provision of support for registration	<ul style="list-style-type: none"> <li>- MCC capacity assessed and documents indicating capability to provide basic services produced;</li> <li>- Community awareness and sensitisation conducted and civil society partners mobilised accordingly;</li> <li>- PPPUE concept promoted through the public awareness campaigns;</li> <li>- Private sector partners identified, training needs assessed and SMES identified and registered.</li> </ul>	MCC/UNDP  NGO/MCC/UNDP P/Private sector  MCC/UNDP/Private Sector	Infrastructure, data and training costs

	<p>and organisation of informal micro local service providers into SMEs</p> <p>2.5 Training &amp; exposure to PPPUE best practices and approaches for stakeholders in the public, private and civil society sectors.</p> <p>2.6 Mobilise resources for the implementation of PPP service delivery projects.</p>	<ul style="list-style-type: none"> <li>- Innovate Partnership options for delivery of basic services prioritised for deprived communities designed</li> <li>- Resources mobilised for the implementation of the designed PPP service delivery projects</li> </ul>	<p>MCC/UNDP/ Private Sector</p> <p>MCC/UNDP/ NGOs/ Private Sector</p>	
<p>3. Implementation of pilot PPP basic service delivery projects in Maseru</p>	<p>3.1 Tendering (newspaper and community adverts) of services to be delivered through PPP ventures</p> <p>3.2 Pretender training for new SME's and other service providers</p> <p>3.3 Evaluation and allocation of PPP tenders</p> <p>3.4 Post tender training for contracted PPP partners and local NGOs/CBO's</p> <p>3.5 Monitoring of private sector for contract compliance</p>	<p>At least 3 Private Sector operated basic services identified and options for delivery through PPP contracts designed, tendered, and concluded with signing of agreements between MCC and partners</p> <ul style="list-style-type: none"> <li>- SMEs and other service providers trained on pretendering</li> <li>- Tenders evaluated and contract awarded accordingly</li> <li>- Private sector monitored periodically to ensure compliance of contract.</li> <li>- Lessons learned compiled and</li> </ul>	<p>MCC/NGO</p> <p>MCC/UNDP/Priv ate Sector</p> <p>MCC/UNDP/NG O</p> <p>MCC/UNDP/NG O</p>	<p>Technical Support, Training costs</p>

	<p>3.6 Collection and compilation of lessons for documentation and for replication in other settlements/other sectors</p> <p>3.7 Collection and compilation of data for achievements on identified MDG targets</p>	<p>documented; replicated in settlements.</p> <p>- Data collected and compiled for the achievements on identified MDG targets.</p>	<p>project other</p>	<p>MCC/UNDP/RSC /NGO/Private Sector</p>	
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<b>Intended Outcome as stated in the Country Programme Results and Resource Framework: Establish effective and efficient PPP project management organisation</b>				
<b>Outcome Indicators as stated in the Country Programme Results and Resources Framework: Effective and efficient PPP project management organisation/processes established</b>				
<b>TTF Service Line: Service Line 1.3 - Local Poverty Initiatives</b>				
<b>Baseline: Absence of institutional capacity to develop and implement PPP projects</b>				
<b>b. Partnership Strategy: MCC, Private Sector &amp; UNDP</b>				
<b>Project title and ID (ATLAS Award ID):</b>				
<b>Intended Outputs</b>	<b>Indicative Activities</b>	<b>Targets/Indicators</b>	<b>Responsible parties</b>	<b>Inputs</b>
4. Effective and efficient PPP project established and managed appropriately	<p>4.1 Establish office and assign key staff to work on PPP project</p> <p>4.2 Formulate project steering committee</p> <p>4.3 Launch the project so as to establish consultations with key stakeholders</p> <p>4.4 Agree on project progress reporting procedures with all the stakeholders</p> <p>4.5 Keep record of project processes, meetings, workshops, financial records, etc.</p>	<ul style="list-style-type: none"> <li>- Office established and key personnel assigned to work on the PPP project</li> <li>- Steering Committee formulated and briefed on the PPP project;</li> <li>- PPP project launched and consultations undertaken with key stakeholders</li> <li>- Reporting done periodically based on the agreed format with all the stakeholders</li> <li>- All project records kept appropriately</li> </ul>	<p>MCC/UNDP</p> <p>MCC/NGO/UNDP/Private sector</p> <p>MCC/UNDP/Private Sector</p> <p>MCC/UNDP/Private Sector/NGO</p>	Office equipment and salary remuneration



## Risk Analysis

Perceived risks	Responsible to manage the risk			Mitigation measures envisaged
	Private	Public	NGO	
Risk A. Legal, regulatory, policy framework risks	X	X		Create an enabling environment - review and amend the existing legislations accordingly so that other actors could actively be engaged in PPP projects
Risk B. Public attitude (skeptical)	X	X	X	Establish working relations with all stakeholders. Mobilise and convince all stakeholders and Maseru residents at large that PPP is the best approach in the provision of basic services.
Risk C. Lack of institutional cooperation and integration		X		Steering Committee comprising of representatives from all institutions (WASA, LEC, LSPP, NES, etc.) would help in the implementation of the project.
Risk D. Delays in approval of policies by Government.		X		High level Champions, Minister level, to promote the project

### Annex 1. Contribution of PPPUE and UNDP TRAC Sources of Fund

ITEM	TOTAL	PPPUE GRANT	CO-FINANCING
Knowledge documentation and dissemination	15,000	12,000	3,000
Study visits/travels	25,000	20,000	5,000
Consultancies	20,000	15,000	5,000
Workshops	50,000	50,000	5,000
Equipment/Investment	4,000	3,000	1,000
Other direct project costs	6,000	5,000	1,000
<b>GRAND TOTAL</b>	<b>120,000</b>	<b>100,000</b>	<b>20,000</b>

\*Note - Maseru City Council will be providing in-kind contribution in the form of office space, and contribution to local travel.