

Lesotho

Smallholder Agriculture Development Project Supervision Report

Main report and appendices

Mission Dates: 19-28 March 2018
Document Date: 23/01/2019
Project No. 1100001530
Report No. 4966-LS

East and Southern Africa Division
Programme Management Department

Abbreviations and Acronyms

AIP	Agricultural Investment Plan
CERC	Contingent Emergency Response Component
CGP	Competitive Grants Program
KM	Knowledge Management
M&E	Monitoring& Evaluation
MAFS	Ministry of Agriculture and Food Security
MDP	Ministry of Development Planning
MTR	Mid-Term Review
NGO	Non-Governmental Organizations
NRM	Natural Resource Management
PDO	Project Development Objective
PI	Productive Investments
PMC	Project Management Committee
PMU	Project Management Unit
SADP	Smallholder Agricultural Development Programme
WAMPP	Wool and Mohair Promotion Project (WAMPP)

A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Not at risk
Country:	Lesotho	Environmental and Social Category:	B
Project Name:	Smallholder Agriculture Development Project	Climate Risk Classification:	not available yet
Project Id:	1100001530	Executing Institution:	not available yet
Project Type:	Rural Development	Implementing Institutions:	not available yet
CPM:	Philipp Baumgartner		
Project Director:	Pheko Retselisitsoe Daniel		
Project Area:	ButhaButhe , Leribe, Berea, Maseru, Mafeteng, Mochale's Hoek and Quthing		

Approval Date	27/11/2011	Last audit receipt	29/08/2018
Signing Date	19/12/2011	Date of Last SIS Mission	15/11/2018
Entry into Force Date	19/12/2011	Number of SIS Missions	16
Available for Disbursement Date	21/06/2012	Number of extensions	1
First Disbursement Date	21/06/2012	Effectiveness lag	1 month
MTR Date	12/05/2014		
Original Completion Date	31/03/2018		
Current Completion Date	31/03/2020		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$4,998,654
	Debt Sustainability Framework	\$4,998,654
Domestic Financing breakdown	Beneficiaries	\$980,800
	National Government	\$3,477,865
Co-financing breakdown,	GEF: Least Developed Countries Fund	\$4,330,000
	World Bank: International Development Association	\$9,997,315
Project total financing		\$28,783,288

Current Mission

Mission Dates: 19-28 March 2018

Days in the field: 4

Mission composition: Ijeoma Emenanjo (TTL, Natural Resources Management Specialist, World Bank); Stephen Twomlow (Regional Climate and Environmental Specialist, IFAD); Meeta Sehgal (Co-TTL, Senior Agricultural Specialist, World Bank); Kunda Ng'andwe (Senior Rural Development Specialist, World Bank); Motsoasele Leballo (Natural Resource Management Specialist, Consultant, IFAD); Francesca Romana Borgia (Institutions Specialist, Consultant, IFAD); Arundhati Inamdar Willetts (Environmental Safeguards Consultant, World Bank); Majbritt Fiil-Flynn (Social Safeguards Consultant, World Bank); and Oluyomi Osimokun (Environmental Specialist, Consultant, World Bank)

Field sites visited: Quthing, Mafeteng, Rural Maseru, Mochale's Hoek

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	4	Quality of Project Management	5
Targeting and Outreach	4	Knowledge Management	4
Gender equality & women's participation	5	Value for Money	4
Agricultural Productivity	N/A	Coherence between AWPB and Implementation	4
Nutrition	N/A	Performance of M&E System	3
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	4	Financial Management and Execution	5
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	5
Partnership-building	4	Quality of Financial Management	4
Human and Social Capital and Empowerment	3	Quality and Timeliness of Audit	5
Quality of Beneficiary Participation	5	Counterparts Funds	5
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management	3	Procurement	4
Exit Strategy	3		
Potential for Scaling-up	5		

Relevance

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

From 19 to 28 March 2018, the World Bank and the International Fund for Agricultural Development (IFAD) conducted a joint implementation support mission for the Smallholder Agriculture Development Project (SADP). The objectives of the mission were to: (i) review the overall progress of project implementation since the last implementation support mission in November 2018; (ii) conduct the official launch of SADP Additional Financing (AF) and the Adaptation to Small-scale Agriculture Project (LASAP); (iii) hold discussions with the Project Management Unit (PMU) and IFAD on issues and opportunities under the AF and LASAP; (iv) review implementation of the recommendations and action plan agreed upon in the last mission, including an update on the Contingent Emergency Response Component (CERC); (v) undertake visits to the three new Project districts to meet with local authorities and potential project beneficiaries; and (vi) review the project's performance on financial management, procurement, Monitoring and Evaluation (M&E) and compliance with safeguards measures. The mission met with the Principal Secretary of the Ministry of Agriculture and Food Security (MAFS). Field visits were carried out to the three new districts of Molepolole, Quthing and rural Maseru to familiarize potential beneficiaries with SADP interventions. Field visits were also undertaken in the current project district of Mafeteng to acquaint the District Agricultural Officers (DAO) of the AF districts with SADP interventions.

Note: The submission of this report is delayed to September 2018. Main causes include the change in IFAD reporting on co-financed projects, led by other partners, where earlier IFAD did not require full reports. Secondly the former task team leader, the ESA Environmental and Climate Specialist fell sick soon after the mission and is still on extended sick-leave since. In July 2018 a new CPM took over the country management and the report was finalized with the core mission members' inputs thereafter.

Key Mission Agreements and Conclusions

Main agreements include:

- PMU supported by the WB Safeguards team to Improve implementation of environmental safeguards including developing new TOR for the E&S Safeguards Consultant and standardized design for structure including safeguard requirements (By June 2018).
- PMU to support all SADP subprojects that source water from a river, stream, shallow well or borehole using water to obtain water abstraction permits by 15 June 2015.
- PMU to complete disbursement of current CGP & AIP sub-projects by end of June 2018.
- PMU and IFAD to enable allocation of IFAD LASAP funding for contribution to Safeguards Consultant fees and climate smart interventions by end of June 2018.

Additional conclusions and recommendations follow:

- With completion in 2020, efforts to capture lessons learnt and an in-depth analysis of the sustainability of the projects should be carried out. It is therefore recommended that the SADP PMU makes use of the 'IFAD-Universities win-win partnership' grant managed by the IFAD Policy and Technical Advisory Division. The mission suggests that at least one research be focused on the impact and sustainability of a selected number of CGP and AIP projects.
- Project supported groups reported mix performance and raised issue of decreasing membership and issues of cash-flow. This could partly be attributed to lack of social capital. It is recommended that the PMU discuss this with appropriate stakeholders and select the option best suited for the project. It is also suggested that the social capital consultancy liaises with Agri Academy SA to capitalize on the business training, with the PMU facilitating the exchanges to provide an integrated building of capacity.
- As groups progress in their capacity to produce and work together, the project should capitalize on the existing aggregation of groups into apex organizations. This could result in benefits from bulk buying and selling of produce. It is recommended that the PMU seeks lessons learnt from within and outside Lesotho on supporting aggregation of grassroots organizations and carefully evaluate the maturity and capacity of the existing PI and CGP groups while supporting them in their process of forming district-wide organizations.

D. Overview and Project Progress

The project progressed well since the last mission in November 2017. The financial management issues were clarified and the documentation needed to access the IFAD-LASAP funds and the World Bank Additional Financing (AF) were processed. The AF and LASAP were officially launched on March 21, 2018 by his Honourable Minister Molapo (MAFS) at the presence of the WB/IFAD joint mission. Yet, activities under the parent project need to continue to reach completion. It is important that these activities are placed on a timeline for completion so that the situation of misallocating or misusing the wrong funds does not arise. It should be taken into account that the AF entails several changes to the current project structure. In summary, (a) three additional border districts with good potential and accessibility to markets will be added (rural Maseru, Molepolole, and Quthing). (b) Agricultural Investment Plans (AIPs) will be discontinued due to lack of significant uptake and success in SADP. The AF will focus its investments on the more successful Competitive Grants Program (CGP) which was used as the mechanism to deliver support for productive investments by farmer groups. (c) Contracts focusing on climate smart agriculture will be provided to local private operators to support Climate Smart Agriculture initiatives. (d) Topics will be drawn from common themes that continue to require innovative solutions. Examples of new technologies likely to be supported through the project include: stress tolerant horticulture, conservation agriculture, small-scale irrigation and water harvesting, improved homestead gardening, and sustainable processing technologies. This sub-component may also support the finalization of the Lesotho Irrigation Masterplan.

Overall project management continues to be satisfactory, with some innovative solutions proposed by the PMU to address recurring issues (e.g. access to feed for livestock groups). Yet, reporting has not made much improvement. The approach to reporting often stops at the output level. Considering the advanced stage, the project reporting should articulate the desired project outcomes resulting from these outputs. In addition, differently from past years, the mission did not have access to the quarterly report until right before the mission and could not have the specific sub-components reports in time for meaningful discussions with the Component Managers.

The following environmental management issues that were already highlighted in the past reporting period persist: (a) The screening and identification of **social and environmental risks** and impacts in the project have been inadequate, leading to sub-project designs that do not integrate social and environmental concerns sufficiently. Issues such as seeking necessary **permits for water abstraction** and adequate pest management still need careful consideration. (b) In the last two missions, it was clear that **trade fairs** are not yielding the expected results. While there is evidence that this activity has picked up over the last year, challenges remain in increasing uptake for participation in this activity as well as other information exchange activities; c) the **sustainability of groups** who benefited from the two grant windows is still somewhat questionable. While the majority of groups who received grants are still operational, there is a 10% of sub-projects that had to be closed due to a number of issues, such as misappropriation of funds, conflicts due to little profit margins, limited membership and lack of capacity to conduct a business. The next logical steps for the farmer groups should be to form apexes to achieve economies of scale as well as to offset challenges such as the cost of feed. However the groups need further strengthening to work together and additional capacity in technical knowledge and business management: d) standardization of **livestock structures** (including adherence to waste management good practices) is needed and the PMU should receive support towards this end. Additional observations can be found in Appendix 4.

Under **Sub-Component 1.1: Promotion of Innovative Agri-Business Initiatives** the focus has been on finalizing disbursement and monitor the seventh round with the aim of reinforcing skills where necessary. The 10% of the 379 sub-projects funded through the Competitive Grants Program (CGP) have been closed due to various reasons. The mission reiterated that the PMU should diligently document the reasons for the early closure of sub-projects and all records be adequately maintained. Under **Sub-component 2.1: Preparation and Implementation of Agricultural Investment Plans (AIPs)** 92% of batch 2 groups received all milestones funds, while disbursement for batch 3 groups stands at 72%. The good work done by the PMU to expedite disbursement should be recognized. However, issues remain: Productive Investment (PI) groups had a similar failure rate (7%) with 10 groups closed by the project and those that are still working will not be able to benefit from the same type of support received so far considering the amendments introduced by the AF/LASAP – funded additional two years of implementation. Activities under the NRM plans have continued to progress, and expenditure has reached 65%, which is a good achievement considering the past years of implementation. However, random checks on boreholes showed that their quality was inadequate. All boreholes to be brought to compliance with water extraction legislature. AgriAcademy Business management and community animal health workers (CAHW) training have been completed. Business management knowledge should be further disseminated thanks to further training to be carried out by trained PFOs. CAHW's capacity should be monitored and built by the other IFAD-funded nationwide project, WAMPP as part of the SADP exit strategy.

Other sub-components include **Market Linkage Development (1.2.)**, entails activities to improve market access for agricultural producers. Among the foreseen activities under this component, the recruitment of a consultant (or a firm) to help groups develop social capital has been pending since 2017 and should be completed by the end of June 2018. The Marketing Information System is functional at HQ of the Department of Marketing as well as in all districts but Botha-Bothe. While Computer Business Solutions (CBS) works to get the system up and running in the other districts, enumerators are capturing information in the database. The subcomponent also provides for trade fairs which have been less effective than expected as highlighted above.

Subcomponent 2.2 didn't see any relevant progress. The technical consultancies offered by NGOs have been evaluated but recruitment has not yet been finalized.

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Standardized designs for structures Engineer to work with the Safeguards Consultant to develop standardized designs for subproject infrastructure incorporating measures for waste management, water harvesting, solar energy and lighting. All structures should include safeguards requirements such as septic tanks, water harvesting and storage facilities.	PMU	06/2018
Follow up with IFAD Institution's Specialist on University Partnership Grant Leverage the IFAD'- Universities win-win partnership grant towards capturing lessons learnt.	PMU- Project Manager	06/2018
Obtain water abstraction permits for all SADP subprojects that source water from a river, stream, shallow well or borehole PMU to assist SADP beneficiaries in obtaining water abstraction permits.	PMU	06/2018
Complete disbursement of current CGP & AIP sub-projects	PMU	06/2018
Allocation of IFAD LASAP funding for contribution to Safeguards Consultant fees and climate smart interventions	PMU / IFAD	

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Previous rating: 4

Justification of rating

Despite some remaining challenges, the project moved forward in all components, notably with disbursement of additional grants under the CGP and AIP windows, additional disbursement under the NRM activities and completion of planned ToTs under subcomponent 2.1, and functioning of MIS and holding of additional trade fairs under component 1.2. Failure rate among sub-projects is 10% which is acceptable given then amount of groups that received funds. Progress in the last six months has seen similar pace to the previous reporting period, therefore the rating is not changed.

Log-Frame Analysis & Main Issues of Effectiveness

Similarly to six months, ago the project has progressed towards the Project Development Objective in terms of disbursing funds to community groups, showcase innovations in agriculture and increase the amount of commercialized agricultural produce in Lesotho. However the effectiveness can be considered moderately satisfactory as, considering that the project has reached completion of its first initial period of implementation (as foreseen at design) many beneficiary groups are not yet commercially sustainable. Moreover, a 10% of them have been closed due to internal conflicts, lack of managerial capacity, sustained access to markets, and adequate production quantities of agricultural goods. Conflicts can be mostly attributed by a lack of regular record keeping and meetings which in some instances, fosters mistrust among members. There have been cases of where groups did use funds for not-agreed investments, which violate the agreements with the project. Corrective measures were taken to either re-direct or recollect the funds from those groups. Yet, some groups show a lack of commitment to work together and an understanding of some important concepts to function well, e.g. good leadership, participation to decision-making, hold regular assemblies and managing conflicts between members.

Reporting and use of ME data remains weak. This is a trend that has not changed from the previous mission, where it emerged that the project tend to report mostly on outputs. It was agreed that the Bank and IFAD will work closely with the PMU, especially by assessing the capacity gaps in the Monitoring and Evaluating Unit. The current mission has also highlighted that the responsiveness of the project to social and environmental issues is not well captured by the M&E system and the Log Frame. The mission has decided to maintain the "Moderately Satisfactory" rating for "Progress towards achieving the Project Development Objective". The project status will remain at "Moderately Satisfactory", in the category of "Overall Implementation Progress;" however, the project status will be downgraded during the next mission if: (i) The E&S Safeguards issues flagged during this mission are not adequately addressed; and, ii) data required to provide a clear storyline on project outputs and outcomes are still not being captured.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Revision of M&E approach Stronger focus on outcome level data and inclusion of environmental dimensions.	PMU/IFAD and WB	08/2018

Development Focus

Targeting and Outreach

Rating: 4

Previous rating: 4

Justification of rating

The project targets smallholders in the relevant project areas, who mostly practice subsistence agriculture and are in need of support to improve their productivity and marketability of produce. The Mid-Term Review Survey indicated that 60% of direct beneficiaries are women. In addition also training beneficiaries are balanced in terms of gender. Youth are a minority among farmers (as young people tend to migrate from rural areas) but there is evidence that some young people are involved in project activities. The newly started training in the Livestock Centre is mostly targeting young people to become Community Animal Health Workers (CAHWs). Further, the CAHW training being undertaken provides an opportunity for learning and sharing of experiences and processes with the IFAD supported Wool and Mohair Promotion Project (WAMPP) which is also planning to train and deploy CAHWs in the 10 districts it is working in.

Gender equality & women's participation

Rating: 5

Previous rating: 4

Justification of rating

Targeted women are 58 % of the total number of direct beneficiaries. Women are also the majority of trainees. The mission has visited farmer women who have clearly benefited from the grant, especially thanks to activities such as poultry rearing and protected agriculture (greenhouses).

Main issues

The project effectively targets women inclusion in beneficiary groups, reflecting common composition of agricultural cooperatives in Lesotho. Households in rural Lesotho have traditionally been effectively female headed due to male migration. However, the project has provided training to fewer women than men. Under the additional finance, it is expected that the training opportunities reflect the gender composition of the beneficiary groups. The M&E Officer was also appointed as Gender Focal Point. However during this mission it was clear that there is room for improvement in reporting on benefits and challenges faced by women in the project.

Agricultural Productivity	Rating: N/A	Previous rating: N/A
Nutrition	Rating: N/A	Previous rating: N/A
Adaptation to Climate Change	Rating: 4	Previous rating: 4

Justification of rating

Under the current SADP design, climate change adaptation issues have not been directly addressed. This was the reason for the development of the LASAP to ensure SADP investments addressed adaptation issues. At the same time the AF will have a much stronger focus on combatting the vagaries of climate. Despite this, project investments in water tanks and potable water help beneficiaries deal with seasonal water shortages, whilst the promotion of protected housing and drip irrigation ensures improved water use efficiency and a reduction in the impact of extreme climatic events. In this missions it was also observed that there is room for improvement in building structures that accommodate livestock, which also includes better climate proofing to resist natural disasters. With the additional financing from LASAP and AF a cadre of Adaptation Specialists will be recruited to ensure current investments and future ones are climate proofed.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Complete covenants and submit to IFAD for No Objection a. Designated banks account opened and names of signatories and specimen signatures supplies. b. Designated banks account opened and names of signatories and specimen signatures supplies. c. Project Implementation manual, (manuals for the CGP and AIP) modified to reflect the conditions detailed in the annexes of the project design reports. d. Detailed Annual Work Plan and budget for 2018/2019 with appropriate narrative that details activities and has an accompanying procurement plan.	PMU	06/2018

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 4	Previous rating: 4
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Justification of rating

Issues arising from the lack of coordination between the MAFS and the Ministry of Forestry, Range and Soil Conservation have subsided since the Fato-Fato scheme (Food for Money) has ended. The project is also building the capacity of smallholder groups to be able to aggregate on district level commodity-based platforms. However, more concerted efforts need to be made to collaborate with officials from the MSBDMC to assist and advise beneficiaries on accessing markets and marketing their produce. The WB intends to support the development of the Irrigation Master Plan, which will require further engagement with the Department of Crop Development (MAFS) and with Department of Water Affairs.

Main issues

The preparation of an Irrigation Master Plan has been proposed as one of the activities under Additional Financing. Two

sets of terms of reference are currently being developed by the WB: the first is for a Coordinator to manage coordination during development of the Irrigation Master Plan, and the second is for a Consultant to prepare the Irrigation Master Plan. The mission strongly suggested that no investments in irrigation infrastructure should be carried out until after the Irrigation Master Plan has been developed. It should also be noted that according to the Water Act of 2008, any non-domestic water use requires an abstraction permit. Therefore, all the cooperatives/ associations/ companies/ individuals supported by SADP that are drawing water from surface or groundwater sources are required to apply to the Director of Water Affairs for water use permits which are valid for 5 years. For irrigation schemes under SADP, the Water Act requires i) a permit for construction of the scheme (applies to any works done concerning use of water), ii) abstraction of water and iii) discharge (assuming that a scheme will also have drains flowing back to the river). Water permits should therefore be secured, in order to avoid breaking the law.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Cooperation with Ministry of Small Business Development, Cooperatives and Marketing should be operationalized into concrete actions to assist beneficiaries	MAFS, MSBDMC	11/2018

Partnership-building

Rating: 4

Previous rating: 4

Justification of rating

The project is co-financed with the World Bank and Government of Lesotho. The WB is using the project as a good practice to showcase in other countries of the southern Africa. Project team members have participated in several learning and sharing events organized by the ESA division as well as to study tours in South Africa. Lessons learnt from Kenya and South Africa have been inbuilt in the project design after MTR. SADP is starting a collaboration with another IFAD-funded project (WAMPP) in Lesotho. This collaboration will be on sharing best practices on infrastructure, coordination of multiple partners at a district level and the CAHWs. The rating is in line with the previous reporting period. The linkages with WAMPP were further delayed due to late start of WAMPP project activities.

Main issues

In line with the objective to increase commercialization of agricultural produce, the programme has made efforts to create partnership with private sector actors through fairs. Unfortunately, the interest from the traders was lower than expected which caused the premature closing of the fairs. During the mission a World Bank staff was collecting information on commercialization of horticultural products in Lesotho. The issues underlying the lack of interest from the traders should be further analysed in following missions also in light of the study conducted by the World Bank.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Cooperation with WAMPP should be operationalized into concrete actions	SADP and WAMPP PMUs/ CPM to support	12/2018

Human and Social Capital and Empowerment

Rating: 3

Previous rating: 3

Justification of rating

The rating is in line with the previous report. Over 700 smallholder organizations have been supported by the project, however only a minority of the groups can be considered mature enough to realize concrete benefits for their members in a long-term perspective.

Main issues

Lack of return of investment has, across many beneficiary groups, led to group conflicts; approximately 10 percent of projects have failed. Project Field Officers (PFO) report that many groups have less than the required number of members to meet the requirements under the cooperative guidance and operate under stress. It would be useful to further assess this challenge to understand whether the support provided by the department of cooperatives is effective in remediating when requested.

Another issue which the mission noted repeatedly when visiting livestock beneficiaries was the cost of feed. Some farmers are buying the same quantity of feed within a particular district at different prices. The mission, in concert with the district staff, has encouraged the formation of umbrella groups so that farmers can pool resources and negotiate prices based on bulk buying, this effort needs to be intensified across project districts, if livestock enterprises are to be viable. In order to do so, though, it is imperative that the groups are supported in their social dynamics and that social capital is

strengthened. It is recommended that the PMU seeks lessons learnt from within and outside Lesotho on supporting aggregation of grassroots organizations and carefully evaluate the maturity and capacity of the existing PI and CGP groups while supporting them in their process of forming district-wide organizations.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Social Capital Mentoring consultancy to be contracted and start training activities PMU consider hiring a consulting firm, using resources from the AF, to continue this good work of fostering cooperation among farmers.	PMU	06/2018

Quality of Beneficiary Participation

Rating: 5

Previous rating: 4

Justification of rating

The project design provides for co-financing (in kind or in cash) that has to be provided by all producer organizations that receives funding. In addition, groups are required to engage with service providers and to purchase equipment and inputs necessary to carry out their activities. There is no clear provision for their participation to define the M&E system but the mission has observed that there are feedback mechanisms that allow beneficiaries to report their grievances and requests to the PMU. The presence of Project Field Officers in each project district allows for close monitoring of the progress made by the farmer groups in their endeavours and the possibility to interact in timely manner. Since last missions, It has been observed that there were some improvements in the consultations of producers organizations during the call for competitive grants (component 1) and the definition of productive investment (component 2). Some of the visited projects exhibited poor understanding of the responsibilities that come along with accessing the funding. For example some groups allocated the co-financing required by the project to access the grants only for the time necessary for the initial verifications. This issue has been taken seriously by the PMU who is now requesting the groups to give proof of their ability to match the grants. Since issues were mostly arising with livestock rearing groups, the PMU has now introduced a rule that requests livestock farmer to prove that they have purchased at least 3 months -worth of feed before receiving the grant.

Main issues

In some instances, farmer groups misused funds that were meant to purchase inputs for other leisure activities that are unrelated to the grant contract (such cases have been report to the police for action by the PMU/district officials). In other cases, productive infrastructure (e.g. greenhouses) was erected in locations where there was no reliable access to water. The issue of sourcing water abstraction permits is also very important and the community should be educated about it as well as supported to do so. It is recommended for both the LASAP and AF that the CGP and AIP manuals are revised to seek ways to overcome such challenges by revising process to engage the beneficiaries with a long term view of increasing ownership of the subprojects.

The issue of delayed payments has also produced complaints among the groups who had filed an application and were awarded a grant but had not received their milestones payment yet. This has to be treated with urgency.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Complete disbursement of current CGP & AIP sub-projects	PMU	06/2018

Responsiveness of Service Providers

Rating: 4

Previous rating: 4

Justification of rating

The quality of service provision has remain stable since last reporting period. In particular, the project received several bids for the business management training as well as several technical trainings. Overall the beneficiaries and the PMU are satisfied with the quality of the services received. The project has selected one suitable provider to train staff and beneficiaries on social capital and group dynamics but at the time of the mission funds were not available. It was recommended by the mission that funds from the Additional Financing portion provided by the WB are used to engage the service provider.

Service provision paid for directly by producers' organizations continue receiving mixed feedbacks.

Main issues

A total of 23 extension staff, 80 farmers and four PMU staff were trained by AgriAcademy. The trained PMU and extension

staff are now expected to other staff at PMU HQ and the districts. The areas of training will be in enterprise budget planning and record keeping. The focus will be on four enterprises: vegetable production, piggery production, poultry production and wool and mohair production. Training materials have already been developed and training is expected to commence by end-April 2018. While the four trained Project Field Officers expressed satisfaction with the training, Initial engagement with the beneficiaries showed mixed uptake of the trainings provided. Some officers mentioned that they found difficult translating the modules into Sesotho, which had also probably limited the understanding from the community.

Environment and Natural Resource Management

Rating: 3

Previous rating: 4

Justification of rating

This rating was lowered from last mission. The screening and identification of social and environmental risks and impacts in the project have been inadequate, leading to sub-project designs that do not integrate environmental concerns sufficiently. Due to a lack of technical and financial resources it has been difficult for the beneficiary groups to implement/incorporate ESMP plans (e.g. construction of septic tanks for piggeries and slaughter houses). The environmental and social safeguards consultants hired by the PMU was meant to be engaged for 15 months while – due to shortage of funds- could only work 5 months. Due to his reduced scope of work the consultant could not fully build capacity within the PMU to adequately implement environmental safeguards requirements such as environmental and social mitigation and management plans (ESMPs).

Main issues

Issues in waste management and safe disposal of pesticides were already raised by previous missions. These led to the recommendation to prepare Environmental and Social Management Plans (ESMP) for all sub-projects, with a special attention to those dealing with livestock and horticulture production. Site visits during this mission have indicated that there is clearly a need for further training of PFOs, subject-matter specialists and extension officers, so that in addition to being able to identify environmental issues, propose and implement appropriate mitigation, they are able to effectively monitor and report on project progress. Farmers also need to be trained in environmental management of the various subprojects. In addition to environmental safeguards, improvements can be made in order to leverage existing structure to install energy saving technologies. The roofs of many livestock sheds, piggeries, and abattoirs have large surface areas which would be suitable for rainwater harvesting. Some subprojects have constructed bio-digesters where the methane gas emitted is used for domestic purposes. Where applicable, the subprojects may also benefit from using solar power for lighting and pumping.

A third issue pertains water. Some have installed boreholes and others draw water from streams or rivers, with permission from the chiefs or local authorities.

Due to the following findings, the social and environmental safeguards performance is currently moderately unsatisfactory.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Obtain water abstraction permits for all SADP subprojects that source water from a river, stream, shallow well or borehole	PMU SADP	06/2018
PMU to assist SADP beneficiaries in obtaining water abstraction permits.		

Exit Strategy

Rating: 3

Previous rating: 3

Justification of rating

The project maintains a lack of a clear exit strategy. The majority of producers' organizations still show need for handholding in particular with what concerns profitably access markets and bring concrete benefits to their members. Poor group management and weak social capital (often resulting in misappropriation of funds, decrease in number of members, amongst others) underscore the need for social capital mentoring. Environmental risks and access to have now been taken into account more seriously by the PMU, however additional capacity building is necessary both for staff and beneficiaries to be fully aware of the consequences of health and environmental hazards. The project was extended for two more years, which gives an opportunity to develop an appropriate exit strategy.

Main issues

The business and social sustainability of the financed sub-projects requires further efforts from project and recipients. Two years ago, IFAD fielded an implementation support mission to analyse the farmer groups' capacity. Majority of the groups exhibited weaknesses both in how to run a business and how to face conflicts and organize themselves for long-term growth. Field visits in past and in the current mission highlights that while the business training provided by the South

African service providers have helped, many groups still lack business skills. So far there rate of group failure is quite low (10%) considering the amount of groups that have been supported. However, field observations questions the capacity of these groups to bring actual returns on investment for their members in the long run if not properly supported.

From an environmental perspective, groups should be also trained on how to properly dispose of waste, including agrochemicals, as well as how to manage water properly.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Develop a clear exit strategy that can be implemented during the AF and LASAP financing periods	PMU with support from IFAD and WB	12/2018

Potential for Scaling-up

Rating: 5

Previous rating: 5

Justification of rating

The World Bank has approved Additional Financing to extend the project for two more years and to expand it to include three additional districts. During the project the number of overall awarded grants increased upon a request of MAFS to allow more farmers to benefit, thanks to the success of the CGP component.

Main issues

The project is characterized by an horizontal scaling –up, with and impressive growth in terms of number of beneficiaries as well as an additional three district where the approach is going to be applied. However, for the last two years of implementation, it would be advisable also to capture lessons learnt as well as to focus on the consolidation and aggregation of the organizations that have been supported by the project.

It is therefore recommended that the SADP PMU makes use of the 'IFAD-Universities win-win partnership' grant managed by the IFAD ECG Division. This grant allows IFAD projects to submit research requests to the Global Association of master's in development Practice Association. The MDP Master's Association comprises 34 Universities worldwide, of which three are in Africa. All students can apply to the research proposal submitted by the project online and the Secretariat will select the best short-listed applications to be considered by the IFAD project. If a good 'match' is found, one student per request will be selected and will spend three to four months hosted by the project to carry out the research. At the end of the data collection period, the student will make a presentation with the results to the PMU. In addition, the PMU can agree with the student a specific deliverable to be produced. The student receives a scholarship to cover for all costs, so this is a cost-free commitment for the PMU who needs to provide only some logistical support and advice. It is recommended that the PMU submits specific requests as soon as possible as students are researching field opportunities now. The mission suggests that at least one research be focused on the impact and sustainability of a selected number of CGP and AIP projects.

c. Project Management

Quality of Project Management

Rating: 5

Previous rating: 4

Justification of rating

The PMU continues to perform satisfactorily in carrying out its responsibilities. The staff has been proactive and innovative with addressing some implementation challenges. The staffing is appropriate and tasks are follow-up in due time throughout the project area.

Main issues

The PMU was proactive in addressing some issues faced by the sub-groups. For example, in order to address the issue of beneficiaries not adequately planning for operational costs, especially feeding costs, the PMU has made the receipt of milestone payments in some instances conditional on the provision of a stipulated amount of feed. They have also prepared generic enterprise budgets so that beneficiaries are aware of costs they will likely incur based on their chosen enterprise.

The AF funds were made available from the WB since November 2017 and part of the funds were already used to pay milestones to round 8 CGP groups and honor other commitments. There are still, however, a number of CPG and AIP groups that have not yet received their milestones.

Agreed Action	Responsibility	Agreed Date
Project Management		
Complete disbursement of current CGP & AIP sub-projects	PMU	06/2018

Knowledge Management	Rating: 4	Previous rating: 4
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Justification of rating

There is no clear KM plan or staff allocated to perform KM-related activities. However there is evidence that project staff at central and district level has a clear idea of what is working and what needs improvement and the lessons are used to rectify some of the issues emerging. Project successes and learnings have been presented in several learning events organized by the ESA region, yet a structured approach to share within Lesotho and across districts is absent.

Main issues

The knowledge sharing within the project management unit and with the mission has been mostly ensured through meetings and the regular 'implementers' meeting' that is organized by the PMU when the mission is in-country. These are very helpful routines, however, a greater effort should be made to systematically capture learnings both of successes and failures across the groups. As mentioned in the scaling-up section, IFAD can assist the project with grant-funded initiatives that aim at capture knowledge.

Value for Money	Rating: 4	Previous rating: 4
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Justification of rating

This rating has not changed since last mission. Based on the performance to date and the number beneficiaries achieved SADP since MTR suggests a good value for money. This is justified by the AF approved by the World Bank. Unfortunately, the information required to revisit the EFA and look at the cost ratio of inputs to outcomes cannot be performed as the WB procedures do not require a value for money analysis during supervision missions. The AWPB, necessary to evaluate the cost/value ratio has not been made available to the IFAD supervision team.

Coherence between AWPB and Implementation	Rating: 4	Previous rating: 4
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Justification of rating

World Bank Supervision missions have not reviewed the AWPB on a regularly basis. However, based on targets agreed in previous supervision missions it is clear that SADP is meeting a majority of them, but it is not clear if this is completely within budget as the financial management review was not available for the mission. Discussions with the PMU highlighted that issues related to accounting have been sorted since last mission and the project is now back on track with disbursements according to plan.

Performance of M&E System	Rating: 3	Previous rating: 4
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Justification of rating

Similarly to the previous reporting period, the M&E focuses mostly on activities and outputs. The mission was, however, concerned that the approach to reporting on the outputs of the Result's Framework is too linear and recommended that this be replaced with a robust approach articulating the desired project outcomes resulting from these outputs. It was agreed that the mission team would work with the PMU's M&E staff in addressing this issue.

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	Rating: 4	Previous rating: 4
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Justification of rating

Although SECAPs were not mandatory at the design of SADP, the World Bank, following its new Safe Guards Procedures, recommended in April 2017 to recruit an Environmental Safe Guards Specialist to audit project activities and prepare an Environmental and Social Management Framework (ESMF). Shortcomings, already described under the "Environment and Climate Change" section, are mainly caused by the shortage to fund the consultancies which was reduced to 5 months and capacity gaps in field staff and communities. Corrective measures are being identified and new TORs for the E&S consultants to fill the gaps have been developed. IFAD LASAP funds can contribute towards the hiring

SECAP Review

The Operational Manual for CGP stipulates that any expenditure with a hazardous impact on the environment is not eligible for grants. The evaluation criteria include only one environmental criterion: it asks what the impact of the project on the environment (rating this from -5 if very negative to +5 if very positive). The manual contains a dedicated section on Environmental Impact (Section 13). With the current operational manual the challenge is that bearing in mind the capacity of the applicants, it is unlikely that they – or as has become evident, many of the Extension officers are able to assess adequately environmental impacts or to develop appropriate risk mitigation measures. Therefore there is minimal monitoring and follow up any the mitigation activities identified through screening, and the related documentation, including M&E, is poor.. All sub-projects in Round 8 of CGP – but one- have developed ESMPs but they presents a detailed but generic Integrated Pest Management Plan, including safe handling, storage and disposal of pesticides and their containers. In addition retro-screening and ESMP preparation for subprojects under Rounds 1-7 have not been completed yet . The ESMP are quite generic, while these needs to be adapted specifically for the different types of SADP subprojects (horticulture, animal husbandry) so that the individuals or groups dealing with agrochemicals are aware of the risks related to the transportation, storage, application, handling and disposal of the agrochemicals they are using. It was also noted that there is a need for more technical input into the construction and siting of structures, particularly septic tanks and livestock sheds (the latter with a view to harvest rainwater off the roofs). The PMU had hired a Safeguards Consultant to train and support district agricultural personnel as well as farmers in environmental and social safeguards requirements. Due to a shortage of funds, the Consultant's input was reduced and therefore safeguards requirements as per the Consultant's Terms of Reference were not entirely executed . The E&S consultant had provided the PMU with septic tank designs, but these have not been disseminated to the districts. During the mission it was agreed that the safeguards consultant would, in collaboration with World Bank safeguard staff, develop a workplan to enhance project manuals, identify outstanding remedial works with cost, funding sources and timing estimates to ensure that all remedial actions are completed under the project.

Agreed Action	Responsibility	Agreed Date
Project Management		
Allocation of IFAD LASAP funding for contribution to Safeguards Consultant fees and climate smart interventions	PMU/IFAD	

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$980,800		
	National Government	\$3,477,865		
Co-financing breakdown,	GEF: Least Developed Countries Fund	\$4,330,000		
	World Bank: International Development Association	\$9,997,315		

Acceptable Disbursement Rate

Rating: 5

Previous rating: 4

Justification of rating

The project received additional financing and hence time extension and as such it should not be penalized for the time extension.

Main issues

Need for timely submission of WAs as per IFAd guidelines.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Timely submission of WAs Delays in submission of WA for replenishments	Accountant	

Fiduciary Aspects

Quality of Financial Management

Rating: 4

Justification of rating

TOMPRO accounting package in use, however budget module is not activated and hence manual monitoring of the budget is done

Main issues

- The projects needs to activate the use of the budget module to facilitate accurate real time budget data
- Update of the chart of accounts to facilitate proper recording of exchange gains and losses within the sytem and hence aviod differences noted a result of this missing exchange rate data.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Update chart of accounts Create account codes for exchange gains and losses	Accountant	04/2019
Utilise the Budget module in FMS Activate the module within TOMPRO accounting package	Accountant	04/2019

Quality and Timeliness of Audit

Rating: 5

Justification of rating

The report was received timely and has been prepared in accordance with acceptable standards. The requirement as per IFAD guideline are substantially met. However the project is supervised by the WB and hence the Bank guidelines apply. It is noted not key pertinent issues with misappropriation of funds highlighted and will be followed up through the Cooperating Institution.

Main issues

- Misappropriation noted of grant funds to CGPs and AIPS totalling M 464,500 equivalent to USD 44,238
- Unaccounted funds to CGP beneficiaries amounting to M 700,500 equivalent to USD 66,714.29
- Omission of beneficiary contributions both cash and in kind
- uncleared staff working advances
- Low annual budget absorption

Counterparts Funds

Rating: 5

Justification of rating

Of the USD 4 million planned at design, GoL has contributed USD 2.3M, translating into 63%.

Compliance with Loan Covenants

Rating: 4

Justification of rating

The rating of 4 is given as a default rating because the necessary documentation to give a proper assessment of this rating was not available. The rating will be changed once more information will be available.

Procurement

Procurement

Rating: 4

Previous rating: 3

Justification of rating

The rating of 4 is given as a default rating because no documentation on procurement issues was received by the World Bank. This rating will be changed once more information will be available.

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Standardized designs for structures Engineer to work with the Safeguards Consultant to develop standardized designs for subproject infrastructure incorporating measures for waste management, water harvesting, solar energy and lighting. All structures should include safeguards requirements such as septic tanks, water harvesting and storage facilities.	PMU	06/2018
Follow up with IFAD Institution's Specialist on University Partnership Grant Leverage the IFAD'- Universities win-win partnership grant towards capturing lessons learnt.	PMU- Project Manager	06/2018
Obtain water abstraction permits for all SADP subprojects that source water from a river, stream, shallow well or borehole PMU to assist SADP beneficiaries in obtaining water abstraction permits.	PMU	06/2018
Complete disbursement of current CGP & AIP sub-projects	PMU	06/2018
Allocation of IFAD LASAP funding for contribution to Safeguards Consultant fees and climate smart interventions	PMU / IFAD	
Development Effectiveness		
Complete covenants and submit to IFAD for No Objection a. Designated banks account opened and names of signatories and specimen signatures supplies. b. Designated banks account opened and names of signatories and specimen signatures supplies. c. Project Implementation manual, (manuals for the CGP and AIP) modified to reflect the conditions detailed in the annexes of the project design reports. d. Detailed Annual Work Plan and budget for 2018/2019 with appropriate narrative that details activities and has an accompanying procurement plan.	PMU	06/2018
Revision of M&E approach Stronger focus on outcome level data and inclusion of environmental dimensions.	PMU/IFAD and WB	08/2018
Sustainability and Scaling Up		

Social Capital Mentoring consultancy to be contracted and start training activities PMU consider hiring a consulting firm, using resources from the AF, to continue this good work of fostering cooperation among farmers.	PMU	06/2018
Complete disbursement of current CGP & AIP sub-projects	PMU	06/2018
Obtain water abstraction permits for all SADP subprojects that source water from a river, stream, shallow well or borehole PMU to assist SADP beneficiaries in obtaining water abstraction permits.	PMU SADP	06/2018
Cooperation with Ministry of Small Business Development, Co-operatives and Marketing should be operationalized into concrete actions to assist beneficiaries	MAFS, MSBDMC	11/2018
Cooperation with WAMPP should be operationalized into concrete actions	SADP and WAMPP PMUs/ CPM to support	12/2018
Develop a clear exit strategy that can be implemented during the AF and LASAP financing periods	PMU with support from IFAD and WB	12/2018
Project Management		
Complete disbursement of current CGP & AIP sub-projects	PMU	06/2018
Allocation of IFAD LASAP funding for contribution to Safeguards Consultant fees and climate smart interventions	PMU/IFAD	
Financial Management & Execution		
Update chart of accounts Create account codes for exchange gains and losses	Accountant	04/2019
Utilise the Budget module in FMS Activate the module within TOMPRO accounting package	Accountant	04/2019
Timely submission of WAs Delays in submission of WA for replenishments	Accountant	

Smallholder Agriculture Development Project

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members			66 000							
	1.a Corresponding number of households reached										
	Households			15 000	6 026	22 492	149.9				
	Non-women-headed households										
	Women-headed households										
	1 Persons receiving services promoted or supported by the project										
	Indigenous people										
	Males			7 500							
	Not Young										
	Total number of persons receiving services			15 000							
	Non-Indigenous people										
	Young										
	Females			7 500							
	Groups receiving project services (RIMS)										
	Groups			254	141	607	239				
Goal Reduce rural poverty and enhance rural economic growth on a sustainable basis	Improvements in household asset index (R3)							Baseline and impact surveys; qualitative analysis, including gender equality and poverty targeting			
	Improvement										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
	Number of households with improved food security (R3)							Baseline and impact surveys; qualitative analysis, including gender equality and poverty targeting			
	Households										
Objective Increase marketed output among project beneficiaries in Lesotho's smallholder agriculture sector	Household commercialization level (value of produce and products sold as percentage of total value of produce and products)							Baseline and impact surveys; project M&E records			Careful selection of farmers, commodities and investments will ensure a focus on profitable and competitive products.
	Value										
	Number of direct project beneficiaries (66,000 and > 50% women)							Baseline and impact surveys; project M&E records			
	Females			33 000							
	Beneficiaries			66 000							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Outcome 1. Agricultural market opportunities in the project area increased	Targeted beneficiaries recording better access to markets							1) Baseline and impact surveys 2) Qualitative performance assessment			The proposed information and training activities will ensure that businesses and groups understand the grant project procedures, and prepare adequate proposals. Capacity building under the project will sufficiently address implementation capacity constraints. Provision made to train service providers and, if needed, source regionally, will be sufficient to overcome capacity constraints. The selection process, with approval at several levels, including various public and private sector representatives, and widely publicizing the results, will ensure a transparent process.
	Beneficiaries			50							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Output 1.1 Innovative and viable agricultural business initiatives demonstrated	CGP grants approved and implemented							1) Programme M&E records 2)Grant evaluation reports			The proposed information and training activities will ensure that businesses and groups understand the grant project procedures, and prepare adequate proposals. Capacity building under the project will sufficiently address implementation capacity constraints. Provision made to train service providers and, if needed, source regionally, will be sufficient to overcome capacity constraints. The selection process, with approval at several levels, including various public and private sector representatives, and widely publicizing the results, will ensure a transparent process.
	Grants			164							
	Value of CGP investments and matching grant support							1) Programme M&E records 2)Grant evaluation reports			
	Investments			2 370							
	Innovative and viable agricultural businesses initiatives demonstrated with a minimum satisfactory rating							1) Programme M&E records 2)Grant evaluation reports			
	Initiatives			120							
	Persons trained and duration of training, by type of training							1) Programme M&E records 2)Grant evaluation reports			
	Training days for women			5 600							
	Males										
	Females										
	Training days			11 200							
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							1) Programme M&E records 2)Grant evaluation reports			
	Processing facilities constructed/rehabilitated			30	9						

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Output 1.2 Linkages between agri-businesses and farmers improved	Enterprise-producer exchange events held							1) Programme M&E records 2) Baseline and impact surveys			The proposed information and training activities will ensure that businesses and groups understand the grant project procedures, and prepare adequate proposals. Capacity building under the project will sufficiently address implementation capacity constraints. Provision made to train service providers and, if needed, source regionally, will be sufficient to overcome capacity constraints. The selection process, with approval at several levels, including various public and private sector representatives, and widely publicizing the results, will ensure a transparent process.
	Events			400							
	Trade partnerships between farmer groups and enterprises established							1) Project M&E records 2) Baseline and impact surveys			
	Partnerships			100							
	People in marketing groups formed/strengthened (RIMS)							1) Project M&E records 2) Baseline and impact surveys			
	Males			33 000	406	8 750	26.5				
	Females			33 000	344	8 466	25.7				
	Marketing groups formed/strengthened (RIMS)							1) Project M&E records 2) Baseline and impact surveys			
	Groups			254	141	141	55.5				
	Marketing groups with women in leadership position (RIMS)										
	Groups with women in leadership position			254	20	101	39.8				

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Output 1.3 Access by farmers to market-related information improved	Farmers and traders in project districts who directly access public market information							Baseline and impact surveys			The proposed information and training activities will ensure that businesses and groups understand the grant project procedures, and prepare adequate proposals. Capacity building under the project will sufficiently address implementation capacity constraints. Provision made to train service providers and, if needed, source regionally, will be sufficient to overcome capacity constraints. The selection process, with approval at several levels, including various public and private sector representatives, and widely publicizing the results, will ensure a transparent process."
	Farmer and traders			50							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Outcome 2. Productivity and quality of market-focused crops and livestock from smallholders in the project area increased	Incremental net value of marketed production in the project area							1) Baseline and impact surveys 2) Qualitative performance assessment			The project design will clearly define roles and responsibilities. The national task force, technical working group and PMU will improve interagency coordination. Adequate support for transparent and efficient management of public resources will be available. Outsourcing and capacity building under the project in combination with a strong PMU will secure sufficient implementation capacity. Government will adhere to commitments and strategy documents that encourage outsourcing some activities to private sector partners, which will work closely with government the extension service. Surveys on existing potential and the use of clear objective criteria will result in appropriate selection.
	Value			3 600							
	Targeted beneficiaries who have adopted improved technologies/farming practices in targeted areas							1) Baseline and impact surveys 2) Qualitative performance assessment			
	Females			3 500							
	Beneficiaries			7 000							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Output 2.1 Investments in productivity-enhancing technologies and NRM supported	Number of AIPs completed with satisfactory rating							1) Programme M&E records 2) AIP evaluation reports 3) Qualitative assessment of effectiveness of training 4) Direct observation of status of natural resources			The project design will clearly define roles and responsibilities. The national task force, technical working group and PMU will improve interagency coordination. Adequate support for transparent and efficient management of public resources will be available. Outsourcing and capacity building under the project in combination with a strong PMU will secure sufficient implementation capacity. Government will adhere to commitments and strategy documents that encourage outsourcing some activities to private sector partners, which will work closely with government the extension service. Surveys on existing potential and the use of clear objective criteria will result in appropriate selection.
	AIPs			72							
	Group-based investments completed as per agreement							1) Programme M&E records 2) AIP evaluation reports 3) Qualitative assessment of effectiveness of training 4) Direct observation of status of natural resources			
	Investments			400							
	Value of AIP investments and matching grant support							1) Programme M&E records 2) AIP evaluation reports 3) Qualitative assessment of effectiveness of training 4) Direct observation of status of natural resources			
	Value			7 560							
	NRM activities completed by type							1) Programme M&E records 2) AIP evaluation reports 3) Qualitative assessment of effectiveness of training 4) Direct observation of status of natural resources			
	Activities			90							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
	Persons trained and duration of training, by type of training							1) Programme M&E records 2) AIP evaluation reports 3) Qualitative assessment of effectiveness of training 4) Direct observation of status of natural resources			
	Females			4 000							
	Training days			160 000							
	Males			4 000							
	Village/Community plans formulated (RIMS)										
	Plans			65	29	116	178.5				
	Natural Resources Management groups formed/strengthened (RIMS)										
	Groups			90	43	53	58.9				
	Natural Resources Management groups with women in leadership position (RIMS)										
	Groups with women in leadership position			50	5	6	12				
	People in natural resources management groups formed/strengthened (RIMS)										
	Males			4 000	930	959	24				
	Females			4 000	100	124	3.1				
	Land under improved management practices										
	Hectares of land				27	37					

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Output 2.2 Capacity of farmers to make business approach to agriculture increased	People in market-related groups supported							Programme M&E records Qualitative assessment of effectiveness of training			The project design will clearly define roles and responsibilities. The national task force, technical working group and PMU will improve interagency coordination. Adequate support for transparent and efficient management of public resources will be available. Outsourcing and capacity building under the project in combination with a strong PMU will secure sufficient implementation capacity. Government will adhere to commitments and strategy documents that encourage outsourcing some activities to private sector partners, which will work closely with government the extension service. Surveys on existing potential and the use of clear objective criteria will result in appropriate selection.
	Males			6 000							
	Females			6 000							
	Persons trained and duration of training, by type of training										
	Males			3 000							
	Training days			100 000							
	Females			3 000							
	Targeted beneficiaries who use market information in making production decisions										
	Beneficiaries			50							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2016)	Cumulative Result (2016)	Cumulative Result % (2016)	Source	Frequency	Responsibility	
Output 2.3 Improved capacity of agricultural service providers to support market-oriented production	Persons trained and duration of training, by type of training							1) Programme M&E records 2) Qualitative assessment of performance			The project design will clearly define roles and responsibilities. The national task force, technical working group and PMU will improve interagency coordination. Adequate support for transparent and efficient management of public resources will be available. Outsourcing and capacity building under the project in combination with a strong PMU will secure sufficient implementation capacity. Government will adhere to commitments and strategy documents that encourage outsourcing some activities to private sector partners, which will work closely with government the extension service. Surveys on existing potential and the use of clear objective criteria will result in appropriate selection.
	Males			300							
	Females			150							
	Training days			9 000							
	Demonstrations of innovative technology packages conducted							1) Programme M&E records 2) Qualitative assessment of performance			
	Demonstrations			40							
	Targeted clients (businesses and groups) satisfied with capacity of agricultural service providers							1) Programme M&E records 2) Qualitative assessment of performance			
	Clients			50							

Lesotho

Smallholder Agriculture Development Project

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 19-28 March 2018

Document Date: 23/01/2019

Project No. 1100001530

Report No. 4966-LS

East and Southern Africa Division
Programme Management Department

Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category.

Table 5A:	Financial performance by financier		
Financier	Appraisal USD '000'	Disbursements USD '000'	% Disbursed
IFAD Loan/Grant	10,000,000	8,861,000	89%
Government	3,700,000	2,217,900	60%
Beneficiary contribution	3,220,000		0%
Total	16,920,000	11,078,900	65%

Table 5B:	Financial performance by financier by component (USD '000,000') as at 30th October 2018											
Component	IFAD Loan/Grant			Government			Beneficiary contribution			TOTAL		
Description	Appr.	Actual	%	Appr.	Actual	%	Appr.	Actual	%	Appr.	Actual	%
Agriculture Market Opportunities	4.800	4.290	89.4%	0.140	0.148	105.6%	2.960	0	0	7.900	4.438	56%
Promotion of Agriculture Business	4.510	3.940	87.4%	0.120	0.146	121.7%	2.960	0	0	7.590	4.086	54%
Market Linkage development	0.290	0.350	120.7%	0.020	0.002	9.5%	0.000	0		0.310	0.352	114%
Smallholder Market Oriented Production	3.800	3.360	88.4%	1.780	0.050	2.8%	0.260	0	0	5.840	3.410	58%
Preparation and implimentation of AIPs	3.290	2.710	82.4%	1.780	0.050	2.8%	0.260	0	0	5.330	2.760	52%
Technology Packages for Smallholders	0.510	0.650	127.5%	0.000	0.000					0.510	0.650	127%
Project Management and M&E	1.400	1.200	85.7%	1.780	2.020	113.5%	0.000	-		3.180	3.220	101%
Project Management	1.310	1.100	84.0%	1.700	2.020	118.8%	0.000			3.010	3.120	104%
Monitoring and Evaluation	0.090	0.100	111.1%	0.080	0.000	0.0%	0.000			0.170	0.100	59%
Grant total	10.000	8.850	88.50%	3.700	2.218	59.94%	3.220	0.000	0.00%	16.920	11.068	65.41%

Table 5C	IFAD loan/Grant disbursements (SDR, as at October 2018)					
Category Code	Category Description	Allocation	Disbursement	Pending W.A	Balance	%
75084	Designated account		1,016,223		(1,016,223)	
120744	Goods, works, non-consulting, services and consultants' services and training	1,286,210	1,008,655	4,466	273,089	78.77%
120745	Operating costs for the project	324,850	279,982	12,935	31,934	90.17%
120746	Goods, works, non-consulting, services, and consultants' serv. and training und. sub-grant	4,153,104	2,963,898	698,836	490,370	88.19%
120747	Offset of preparation advance	535,836	315,268	-	220,568	58.84%
	TOTAL:	6,300,000	5,584,025	716,237	(262)	100.00%

Lesotho

Smallholder Agriculture Development Project

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 19-28 March 2018
Document Date: 23/01/2019
Project No. 1100001530
Report No. 4966-LS

East and Southern Africa Division
Programme Management Department

The mission did not consider a full ORMS report and no appendix was produce

Lesotho

Smallholder Agriculture Development Project

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 19-28 March 2018
Document Date: 23/01/2019
Project No. 1100001530
Report No. 4966-LS

East and Southern Africa Division
Programme Management Department

The mission did not consider a full ORMS report and no appendix was produce

Lesotho

Smallholder Agriculture Development Project

Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 19-28 March 2018
Document Date: 23/01/2019
Project No. 1100001530
Report No. 4966-LS

East and Southern Africa Division
Programme Management Department

MEMO

TO: Mission members (see Mission Composition)

FROM: Sana F.K. Jatta
Regional Director, ESA

DATE: 22 February 2018

SUBJECT: Kingdom of Lesotho: Wool and Mohair Promotion Project (WAMPP) – Terms of Reference for Supervision Mission – 5-16 March 2018

I. Background

1. The Wool and Mohair Promotion Project (WAMPP) was approved by the IFAD Executive Board in September 2014 and the Financing Agreement was signed between IFAD and the Government of the Kingdom of Lesotho on 17 June 2015. The project is financed by the Government of Lesotho (approx. US\$ 4 million), IFAD with a loan and a Debt Sustainability Framework (DSF) grant (approx. US\$ 11.6 million 50% loan and 50% grant) and a grant from the Adaptation for Smallholder Agriculture Programme (ASAP) (approx. US\$ 7 million), in-kind contribution from beneficiaries as well as co-financing in the following amounts: US\$ 1.5 from the Lesotho National Wool and Mohair Growers Association (LNWMGA) and US\$ 12 million from OPEC Fund for International Development (OFID), the latter a loan that has been approved but is yet to enter into force. WAMPP is being implemented by the Ministry of Agriculture and Food Security (MAFS) over a period of seven years. The project was signed in June 2015 and was launched officially by the Right Honourable Prime Minister of Lesotho on 16 June 2016. The project completion date is 30 June 2022 and the closing date 31 December 2022, with mid-term review scheduled for Q1 of 2019.

2. WAMPP is a country-wide initiative with the goal to boost resilience to the adverse effects of climate change and economic shocks among poor, smallholder wool and mohair producers in the mountain and foothill regions of Lesotho. The project's development objectives are to: (i) enable smallholder livestock producers to generate higher incomes and more sustainable livelihoods; and (ii) increase their ability to cope with and recover from natural shocks.

3. The project consists of the following components and sub-components:

Component A: Climate-smart rangeland management

Sub-component A1: Effective information for climate smart rangeland management

Sub-component A2: Climate smart participatory rangeland management

Component B: Improved livestock production and management

Sub-component B1: Improved livestock nutrition

Sub-component B2: Improved livestock breeding

Sub-component B3: Improved animal health

Component C: Wool and mohair fibre handling and marketing

Sub-component C1: Value chain based enterprise enhancement

Sub-component C2: Cottage industry and niche market development

Sub-component C3: Promotion of livestock auctions and district slabs

4. The project is described in detail in the Project Design Report and Working Papers, as well as in the evolving Project Implementation Manual (PIM).

II. Implementation progress

5. The project was officially launched by the Right Honourable Prime Minister of Lesotho on 16 June 2016. In conjunction with the launching ceremony, a four-day start-up workshop took place, during which the programme design was discussed and IFAD-facilitated training sessions were held

cc: Jatta, ESA
Franklin, ESA
RMT

for key project staff and stakeholders to provide guidance and orientation on issues related to project management, as well as basic IFAD strategies, policies and guidelines. Following the start-up workshop, several targeted implementation support missions were fielded by IFAD with the objective to (i) support the establishment of formal partnerships between the various designated project parties; (ii) provide training on procurement best practices; and (iii) support in setting up financial management systems.

6. All key staff have been recruited, though the position of Project Director fell vacant with the sad demise of Ntate Mokati in December 2017. Procedures for recruiting his replacement are on-going.

7. Following the October 2017 supervision mission subsequent specific technical assistance support mission were fielded in December 2017 to assist the PMU in revisiting the 2017/2018 AWPB and develop a 3 year rolling AWPB from April 2018 to fast track the OFID funding (which needs to be committed by end of 2019), support the finance team in fully institutionalizing the new accounts package and completing the project baseline assessments. Withdrawal applications 2, 3, 4 and 5 have been submitted and are being processed.

8. A procurement specific training workshop was held in Maseru in February 2018 for WAMPP staff and staff from IFAD projects in Swaziland.

9. Based on the October 2017 mission findings, a time-bound action plan of key activities was agreed and shared with the concerned government ministries, the Lesotho National Wool and Mohair Growers Association and the PCU with progress reviewed on a monthly basis.

III. The assignment

10. From 5-16 March, IFAD will field the third Supervision Mission to Lesotho to review the implementation progress of the WAMPP and provide support to the project team, as required, to enhance performance. The mission will focus on reviewing the most recent progress reports and validating the results through discussions with beneficiaries, project partners, stakeholders, private sector and government, to the extent possible, and review progress against agreed actions. The mission will provide implementation support to project staff to ensure fulfilment of conditions for future disbursement. In that connection particular focus shall be placed on the recruitment of the new Project Director and the administrative front office staff, finalisation of the 3rd year AWPB and procurement plan, revisions of PIM as required, progress on construction work and performance of partnership agreements with the designated project parties, and agreeing the timeline for the establishment of the project information management systems. The mission will also address any specific issues raised by the PMU, the PSC and MAFs.

IV. Mission arrangements

11. All team members should arrive in Maseru on 4 March, by early afternoon preferably. On the same day a first team meeting will be held to discuss the TOR and any other issues related to the mission. The TOR and mission arrangements will further be discussed with the WAMPP team and Government. Any subsequent changes to this TOR may be made orally or written upon mutual consent.

12. Detailed terms of reference for the team are elaborated below. The total length of the contract may include additional report writing-days as appropriate. Other tasks, as reasonably required, may be requested by the team leader.

13. The Supervision Mission will produce an ORMs supervision report using the new guidelines from which a summary Aide Memoire will be prepared that highlights major issues and agreements by 15 March 2018. Field visits will be undertaken in the first week of the mission while the remaining days will be dedicated to office work and the preparation of the Supervision report. The Aide Memoire will be shared with Government some 24 hours before the wrap-up meeting tentatively scheduled for the morning of 16 March 2018.

V. Outputs

- A concise Aide Memoire, following strictly the IFAD template and guidelines, signed by government and the team leader;
- A Management Letter to be communicated by IFAD to Government;
- A Supervision Mission Report with Technical Annexes, following strictly IFAD's template and guidelines, and in accordance with the detailed Terms of Reference as elaborated below.

14. As of 1 December 2017, IFAD's Operational Results Management System (ORMS) became effective and supervision documentation (logframe, performance scores [project status report] and the supervision report) is now entered online, while other standard parts (Appendices 4, 5 and 6), as well as Annex 4 technical background analysis (former technical annexes/ notes) will follow the current template in Word. Templates and more details will be provided separately. IFAD will only accept reports that have been properly formatted using the IFAD template. It is the responsibility of each team member to ensure that they have received the correct template before starting to write their report.

VI. Mission composition

1	Stephen Twomlow	IFAD Regional Climate and Environment Specialist and Team Leader
2	Motsoasele Leballo	Rural Development Expert and Lead Consultant
3	Davis Atugonza	Financial Management and Procurement Specialist
4	Tiffany Minjauw	Monitoring, Evaluation and Climate information specialist
5	Francesca Borgia	Institutions, Gender and Targeting Specialist
6	Charles Chakoma	Livestock Specialist

VII. Draft mission schedule

Date		Activity	Comment/Location
04/03/2018	Sun	Mission Assembles	Maseru
05/03/2018	Mon	Courtesy Visit to Ministries & Working session with PCU	Maseru
06/03/2018	Tue	Working session with PCU	TBD
07/03/2018	Wed	Field visits	TBD
08/03/2018	Thu	Field visits	TBD
09/03/2018	Fri	Field visits	TBD
10/03/2018	Sat	Field visits/Report writing	TBD
11/03/2018	Sun	Report writing	Maseru
12/03/2018	Mon	Return to Maseru	Maseru
13/03/2018	Tue	Drafting Aide Memoire	Maseru
14/03/2018	Wed	Discussion with PCU on the draft Aide Memoire	Maseru
15/03/2018	Thu	Submission of Aide Memoire to MAFS	Maseru
16/03/2018	Fri	Wrap Up Meeting	Maseru
17/03/2019	Sat	Mission Departs	

VIII. Specific assignments

15. **Mr Stephen Twomlow, IFAD Regional Climate and Environment Specialist and Team Leader** will assume the overall responsibility for the supervision mission and guide the mission members on their specific tasks. He will backstop the mission, review the draft AM and supervision report, and represent IFAD at the wrap-up meeting with government. In addition, he will be responsible for reviewing progress under Component A. Specific tasks to be undertaken are as follows:

- Review the coherence between planned and actual implementation, and assess progress against project targets for Component A, discuss and chart the way forward on issues encountered so far;
- Review the progress made with respect to and support the PCU in: (i) procurement of requisite Technical Assistance and equipment (i.e. preparation of TORs and specifications);

- (ii) establishment of partnerships with national and international partners for programme implementation; and (iii) knowledge management;
- iii) Review the performance contractual arrangements between the project and implementing partners in terms of agreed deliverables, timing and costs, against the agreements made at design;
- iv) Review the proposals developed with implementing partners in terms of technical relevance and implementation schedule and assess how it contributes the component outcome;
- v) Assess the progress in terms of planning, coordination and implementation of activities by traditional Chieftainships, village grazing systems and Department of Range Resources Management;
- vi) In collaboration with Tiffany Minjauw review the activities being undertaken by Lesotho Meteorological Services;
- vii) In collaboration with Francesca Borgia and Tiffany Minjauw, review Gender and Targeting aspects, and M&E arrangements for the component A and contribute to the relevant sections in the Aide memoire;
- viii) Based on findings contribute to and assemble the time-bound recommendations to enhance implementation;
- ix) Review the Project Implementation Manual (PIM), together with all team members, and propose adjustments where required.

Deliverables and outputs

- a) Contribute relevant sections of ORMS supervision report and to the Aide memoire;
- b) Contribute to the time-bound recommendations to enhance project implementation;
- c) Contribute to appendix 1 with a focus on component A;
- d) Prepare a Technical Annex, if required, that will provide further guidance to the PCU on priority issues related to the implementation of Component A as identified during the mission. The technical annex is to be submitted 3 days after the mission's wrap-up meeting.

16. **Mr Motsoasele Leballo, Rural Development Expert, will be the lead consultant** and will report to the team leader for the duration of the mission and will represent IFAD and lead the IFAD Supervision Mission for WAMPP. The expert will consult with all key stakeholders, notably the Ministry of Finance, the Ministry for Development Planning, the three implementing ministries, the Lesotho Wool and Mohair Growers Association, and the PMU to assess the status as regards to fulfilling the activities outlined in the Project Design report. The consultant will identify constraints and explore the way forward to address these. He will agree with stakeholders on milestones and deadlines to facilitate reporting to government and IFAD. The expert will also update the list of agreed actions as prepared by the last supervision/implementation support mission.

17. The objective of this assignment is to provide IFAD with an update on the status of the project, provide assistance to the PMU as required, and agree on the way forward for any outstanding activity.

18. The expert will be responsible for the technical and operational aspects of the mission and perform the following specific tasks:

- i) Working closely with Stephen Twomlow participate in all consultations and ensure the proper conduct of the mission and prepare the timely delivery of the mission's outputs, i.e. Aide Memoire and draft Supervision Report to Government and IFAD;
- ii) Take on the detailed coordination of the mission, liaising directly with the PMU and Project partners and coordinate the consultations with the Government and stakeholders, mission activities, and synthesise the mission's findings and agreed actions at the wrap up meeting;
- iii) Assess the performance and effectiveness of the programme management set-up for efficient and streamlined implementation;
- iv) Review the draft 2018/19 AWPB and how current procedures and processes are supporting the implementation;
- v) Assess the current progress of WAMPP on the basis of project reports and mission findings;
- vi) Assemble the time-bound recommendations to enhance programme implementation;
- vii) Ensure that the mission takes due consideration of the strategic and cross-cutting themes during the review;

- viii) Ensure that MOUs between the Ministries and WAMPP parties (i.e. the LNWMGA) are performing smoothly and that the performance based agreements are respected;
- ix) Evaluate the execution of the lease costs and modalities for the government owned breeding farm that is to be managed by LNWMGA;
- x) In particular, review the status of the recruitment of the replacement Project Director, and ensure that his/her appointment is made within the next 60 days;
- xi) Identify complementarities and synergies between WAMPP and SADP.

Deliverables and outputs

- a) Delegate to each mission member responsibility for specific sections to write for the ORMS Supervision Report and prepare the summary Aide Memoire;
- b) Prepare a report on his findings and conclusions with stakeholders, and discuss the main points of the report with stakeholders and IFAD;
- c) Present the findings of the mission at the wrap up meeting;
- d) Coordinate with the team members on the preparations of the appendices and lead the compilation Appendix 1 (Physical Progress against AWPB) and Appendix 5 by compiling list of all people met;
- e) Compile the appendices and technical annexes to a final supervision report no later than 5 days after the wrap up meeting.

19. Mr Davis Atugonza, Financial Management and Procurement Specialist. Using the IFAD FMAQ as the basis to collect the relevant information, the Financial Management Specialist will assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of project funds in order to ensure that they satisfy IFAD's fiduciary requirements and comply with the Financing Agreement and LTB. He will:

- a) Based on the financial reports prepared by the project¹, review the financial performance by expenditure category and component to assess the project's overall financial performance to date against (i) appraisal and (ii) approved AWPBs since project start. Review the cumulative status of funds by category of expenditure, approved AWPB and the project commitments (contracts signed not paid) in order to estimate the adequacy of funds and the potential need for category reallocations. Summarize the reasons for significant variances between expected and actual disbursement rates. Identify actual or potential problems and bottlenecks;
- b) Review the financial execution of the current AWPB and obtain from the PIU explanations for significant budget-to-actual variances. Comment on the project's budget monitoring system;
- c) Discuss the status of preparation of the annual financial statements (if relevant for the period). Validate the latest IFR, if applicable;
- d) Review availability of counterpart funds (government and beneficiaries), identifying bottlenecks if any. Verify that the value of in kind contributions from government and beneficiaries, if any, are estimated and recorded by the project;
- e) Assess regularity of WA preparation². Recommend concrete measures to ensure faster and more efficient disbursements. Review SOEs prepared since the last field review³ to verify adequacy, completeness and validity of claims by selecting on a sample basis expenditure items from each category of expenditures and performing a system 'walk-through'⁴. Document findings on individual SOE items, noting down any ineligible expenditures. Provide recommendations on any internal controls weakness noted. Assess the adequacy of the project's filing of financial records⁵;

¹ As per the formats of Appendix 5 in the Aide-Memoire

² WAs should be based on 30% of the advance to the DA or three months of expenditure, whichever comes first

³ Appending IV of IFAD's guidance note for FM @ supervision. The SOE forms should be used to test the audit trail from AWPB through to payment.

⁴ As part of this exercise, the FMS should trace each selected item through the whole audit trail: i) part of the approved AWPB and procurement plan, ii) IFAD non objection (if applicable), iii) Contract/invoice, iv) duly authorized purchase order, v) Accounting software ID number (transaction inserted in the accounting software), vi) verification (documentary and if possible physical) of evidence as applicable that works have been completed, goods delivered/ services rendered in accordance with the contract, vii) verification of payment (bank statement/cash book) and viii) project assets duly reflected in the fixed asset register.

⁶ to contractors, service providers and implementing partners

⁵ IFAD's General Conditions require accounting records to be maintained for at least ten years after Project Completion Date, in a format and manner which will facilitate audit review as required.

- f) Assess the project's treasury planning; analyse adequacy of DA authorised allocation, with respect to projected expenditure requirements;
- g) Review functionality of accounting and financial reporting system, identify accounting standards used and report differences with IFRS/IPSAS. Assess timeliness of recording transactions, budget posting and reconciliations. Assess suitability of the chart of accounts;
- h) Gain an understanding of the accounting system and specify accounting software used, whether software produces WAs and other automated reports, and whether budget posted; comment on required customisations if any⁶. Assess financial staff ability to operate accounting system, comment on training requirements if any;
- i) Describe banking arrangements. Review the operation of the project's designated and other accounts to ensure that the bank reconciliations and DA account reconciliations are correctly prepared on a monthly basis. Validate the closing balances from copies of the bank statement and clarify the status of the reconciliation items (if any). Note down any pending payments and withdrawal applications still not paid by IFAD;
- j) Review contractual and payment procedures⁷; check contract register, usage of contract monitoring forms, register of advances; highlight outstanding advances (ageing analysis); verify compliance with audit requirements foreseen in contracts/ MOUs, if applicable;
- k) Review the financial situation of field offices and implementing partners/service providers, if any (advances issued vs. expenditure justified), as well as the quality and regularity of financial returns submitted to the PIU;
- l) Review project's administrative management procedures related to personnel, travel, vehicles/fuel and IT. Review asset accounting and management procedures; maintenance of fixed asset register; inventory processes and latest inventory report;
- m) Identify financing agreement covenants and verify project's compliance;
- n) Describe internal audit arrangements including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; review IA reports [if the Borrower is willing to share them], describe findings;
- o) Review latest external audit report and project's audit log, assess status of implementation of management letter recommendations. Verify status of preparation of upcoming audit and make recommendations as appropriate for extending the scope of audit to specific implementing entities, physical checks, performance audit, transaction list or other;
- p) Review action taken to address recommendations of previous FM-related mission;
- q) Contribute to relevant sections of the mission Aide Memoire and SM report including data, field observations, project results, findings and recommendations following structure set out in IFAD supervision report template and FMA guidelines;
- r) Each assignment could be accompanied by specific TORs where you may be called upon to carry out specific Financial management reviews.

20. **Ms Tiffany Minjauw, Monitoring, Evaluation and Climate Information Specialist.** The purpose of the consultant's implementation support mission is threefold:

1. M&E

- (i) Review WAMPPs most recent AWPB process, planning and reporting requirements;
- (ii) Comment on the AWPB, both as regards the process itself (the participatory aspects) and the formats used;
- (iii) Ensure that the AWPB includes the targets for each activity and each are adequately reflected in the financial costs;
- (iv) Provide recommendations for the AWPB 2018/2019;
- (v) Review the progress in completing the full M&E setup, particularly as regards (a) information flow, reporting tools and formats, from and between components and stakeholders; (b) the quality of data generated; (c) segregated along the target sub-groups and by such as gender, youth female headed households and so forth, as per targeting strategy of WAMPP;
- (vi) Observe the contributions of the implementation partners to the project M&E system;
- (vii) Review WAMPPs current set-up of the programme M&E system;
- (viii) Review the current KM set up and provide guidance to the PMU and implementing partners on the development of a KM system including identification of stakeholders, focal points and

⁶ If the software has never been assessed, the IFAD Accounting Software Evaluation Questionnaire should be completed if possible.

⁷ To contractors, service providers and implementing partners.

- local partners (university, journalists, NGOs, etc.), possible KM products; KM repository and management;
- (ix) Review the latest KM strategy and ensure that the M&E system feeds well into it;
- (x) Review the results of the Multidimensional Poverty Assessment Tool (MPAT) and formulate methods in which the data will be periodically used in monitoring and evaluation of the projects;
- (xi) Provide guidance on further in-depth analysis using statistical software.

2. PICSA (WAMPP)

- (i) Report on the current progress made by Lesotho Meteorological Services (LMS) on the completion of a system for LMS to rescue, computerise and ensure the quality of historical climatic records available for the country. This includes investigating potential improvements that can be made to the current system of seasonal forecasting – such as merging the LMS data with satellite-based information;
- (ii) Identify progress made on stacking, merging and appending climatic data for analysis by the LMS;
- (iii) Follow up on the training that took place in September by going to one of the roll out districts and interviewing households for monitoring purposes. WAMPP has experienced problems with ministerial management staff at the district level because they were not informed about the training and the PICSA process. This mission will help to get the wheels moving on this activity which must be done before the winter season;
- (iv) Participate and facilitate the training of extension services workers for the next roll out of PICSA for livestock farmers;
- (v) Assist the Component A Manager of WAMPP to identify the targeted smallholder farmers that will participate in PICSA activities in the coming season.

3. Integrated Dashboard

21. The Operationalizing Earth Observation Assisted Frameworks for Assessment and Monitoring of Ecosystem Health in IFAD ASAP Project Areas (IFADEO) project, which is led by the World Agroforestry Centre (ICRAF), is currently engaged in stakeholder engagement to introduce the project to country teams. The project's objectives are to enhance IFAD ASAP stakeholder access to high quality data and diagnostic evidence on ecosystem health and household resilience, as well as the capacity to use such data and evidence to strengthen the design, monitoring, and ongoing refinement of programme interventions and investments. A conference will be held in Maseru on the 21-22 March to introduce the integrated dashboard to project staff in the Southern Africa portfolio.

- (i) Present MPAT and its role in defining and improving household resilience to climate change in the workshop hosted by ICRAF. The presentation will cover both the implementation (including planning, process and challenges) and reflect on the experience in Kenya in March 2017, Lesotho in November 2017, and Swaziland in January 2018;
- (ii) Participate in the workshop working groups and the co-design process of a dashboard merging socio-economic data from the MPAT and biophysical data from the LDSF (Land Degradation Surveillance Framework).

Deliverables and outputs

- (i) Prepare and/or contribute to sections of the Aide Memoire as agreed with the team leader;
- (ii) Prepare Annex 1 (Physical progress measured against AWP&B) and contribute to the other annexes as required;
- (iii) WAMPP socio-economic baseline report (analysis of MPAT data);
- (iv) Working paper on climate information services in Lesotho (April 2018).

22. **Mr Charles Chakoma, Livestock Specialist** will report to the team leader for the duration of the mission and the ensuing report-writing period, the expert will be responsible for reviewing progress under **Component B**. Specific tasks to be undertaken are as follows:

- i) Review the coherence between planned and actual implementation, and assess progress against project targets for Component B, discuss and chart the way forward on issues encountered so far;

- ii) Review the progress made with respect to and support the PCU in: (i) procurement of requisite Technical Assistance and equipment (i.e. preparation of TORs and specifications); (ii) establishment of partnerships with national and international partners for programme implementation; and (iii) knowledge management;
- iii) Review the contractual arrangements between implementing partners i.e. the Department of Livestock Services, LNWMDA, National University of Lesotho and others, in terms of technical relevance and implementation schedule and assess its relevance and efficiency to meet the expected sub-component and component outcomes;
- iv) Review the performance of the above implementing partners and the effectiveness arrangements for coordination, monitoring and reporting;
- v) Review the arrangements made for the breeding farms and progress with the implementation of the management plans;
- vi) Review Gender and Targeting aspects, and M&E arrangements for the component B and contribute to the relevant sections of the supervision report;
- vii) Based on findings contribute to and assemble the time-bound recommendations to enhance implementation;
- viii) Review the draft Project Implementation Manual (PIM), together with all team members, and propose adjustments where required.

Deliverables and outputs

- a) Contribute relevant sections to the supervision report;
- b) Contribute to the time-bound recommendations to enhance project implementation;
- c) Contribute to appendix 1 with a focus on component B;
- d) Prepare a Technical Annex that will provide further guidance to the PCU on key priority issues related to the implementation of Component B as identified during the mission. The technical annex is to be submitted 5 days after the mission's wrap up meeting.

23. **Ms Francesca Borgia, Institutions, gender and targeting Specialist** will report to the team leader for the duration of the mission and the ensuing report-writing period, Ms Borgia will be responsible for reviewing progress under **Component C**. Specific tasks to be undertaken are as follows:

- i) Review the coherence between planned and actual implementation, and assess progress against overall project (PDR) targets for Component C, discuss and chart the way forward on issues encountered so far;
- ii) Review the progress made with respect to and support the PCU in: (i) procurement of requisite Technical Assistance and equipment (i.e. preparation of TORs and specifications); (ii) establishment of partnerships with national and international partners for programme implementation; and (iii) knowledge management;
- iii) In collaboration with the team leader and the financial management consultant, review the contractual arrangements between implementing partners, i.e. the Ministry of Small Business, LNWMDA, and Shearing Shed Associations and others, in terms of implementation schedule and assess its relevance and efficiency to meet the expected sub-component and component outcomes;
- iv) Review the performance of the above implementing partners and the effectiveness arrangements for coordination, monitoring and reporting;
- v) Based on findings contribute to and assemble the time-bound recommendations to enhance implementation;
- vi) Review Gender and Targeting aspects, and contribute to review the M&E arrangements for the component C as well as contribute to the relevant sections in the Aide memoire;
- vii) Review the draft Project Implementation Manual (PIM), with reference to institutional, gender and targeting aspects together with all team members, and propose adjustments where required.

Deliverables and outputs

- a) Contribute relevant sections to the Aide memoire;
- b) Contribute to the time-bound recommendations to enhance project implementation;
- c) Contribute to appendix 1 with a focus on component C;

- d) Prepare a Technical Annex for Appendix 4 that will provide further guidance to the PCU on priority issues related to the implementation of Component C with reference to the tasks undertaken in the mission. The technical annex is to be submitted 3 days after the mission's wrap up meeting.

IX. Documentation

24. The following documentation will be made available to the consultants for undertaking the assignment:

- WAMPP Project Design Report
- WAMPP Draft Project Implementation Manual
- WAMPP Financing Agreement
- WAMPP Letter to the Borrower/Recipient
- Latest Aide Memoire (October and December 2017)