UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT

[Alleviating Poverty through Expansion of Deciduous Fruit Production in Lesotho]

Project Title: Alleviating Poverty through Expansion of Deciduous Fruit Production in Lesotho

Project Number: 00147648

Implementing Partner: Competitiveness and Financial Inclusion Project – PMU (CAFI-PMU)

Start Date: Jan 2023 **End Date:** Dec 2024 **PAC Meeting date:** 22 Dec 2022

Brief Description

Briefly describe the overall development challenge and the expected results of the project.

Development Challenge

Even though Lesotho's climate and soil is conducive to the development of a strong deciduous fruit industry with massive employment creation potential, the commercial deciduous fruit industry is very small in Lesotho (only about 50 ha commercial trees).

The Government of Lesotho has prioritized the development of the deciduous fruit industry for both import substitution from produce imported from South Africa and for exports. However, growing the industry in Lesotho will require a parallel process of strong technical assistance & skills development and training and financial support (not necessarily grants).

The objective of this project is to provide support for scaling commercial deciduous fruit farming in Lesotho building on the experience of the current pilot farms and addressing gaps in the value chain in access to suitable land, infrastructure, extension services, skills, finance, and markets while promoting climate smart agricultural practices.

The possible areas of support (key component of this application) include a technical assistance and training program that can be rolled out to competitively selected groups of eligible farmers (with viable plot sizes and other criteria – **prioritise women and youth**). These farmers could be provided training and technical expertise to develop and implement business plans that meet the requirements of commercial financing partners, such as Postbank, which could be a potential partner for the implementation of this activity.

Expected results

1. Raising awareness with farmer and other key agricultural value chain actors of the massive potential of developing the deciduous fruit industry in Lesotho to alleviate poverty, generate wealth and employment in the rural areas through improved access (by developing business plans) to special purpose financial vehicles (SPV's)
2. Lesotho Horticultural Incubation & Training Centre established in partnership with the Competitiveness and Financial Inclusion Project – PMU, World Bank, Minister of Agriculture and Food Security, National University of Lesotho, Lesotho National Development Corporation and private sector partners. More efficient and sustainable farmers (at least 240 potential horticultural farmers trained and resulting in a long-list of candidate farmers to be incubated in the proposed Lesotho Horticultural Incubation & Training Centre). The majority of the farmers targeted will be women, youth and disabled.

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3. Primary and secondary agricultural coops established and board members trained and coops positioned to efficiently participate as value chain actors in the horticultural value chain in Lesotho.

Contributing Outcome (UNDAF/CPD, RPD or GPD): Indicative Output(s) with gender marker[2]: GEN2 (Gender equality as a significant objective)	**Total resources required:**	USD 950 000	
	Total resources allocated:		
		UNDP TRAC:	
		IBSA Fund:	950 000
		Government:	0
		In-Kind:	0
	Unfunded:		0

Agreed by (signatures)[1]:

Government	UN Resident Coordinator Office	UNDP
Print Name: Francis Sefali, Principal Secretary - Ministry of Trade, Industry, Business Development and Tourism Signature:	**Print Name:** Amanda Khozi Mukwashi, UN Resident Coordinator Signature:	**Print Name:** Jacqueline Saline Olweya, UNDP Resident Representative Signature:
Date: 23/12/2022	Date: 28.12.2022	Date: 28/12/2022

[1] Note: Adjust signatures as needed

[2] The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

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I. DEVELOPMENT CHALLENGE (1/4 PAGE – 2 PAGES RECOMMENDED)

Lesotho's private sector is largely concentrated in two sectors – mining and textiles/apparel manufacturing – and economic diversification has proven challenging due to a lack of competitiveness. The two sectors account for 84 percent of all formal sector employment and over two-thirds of all exports. Both sectors have experienced challenges in recent years. Textile and apparel exports have been declining due to competitiveness challenges and Kenya has overtaken Lesotho as the leading apparel exporter to the United States under the African Growth and Opportunity Act (AGOA). Total employment in the export manufacturing sector has been dropping over the years. Job losses in the textile/manufacturing sector have had a significant impact on women and on widening gender gaps in labour market outcomes in Lesotho. Women comprise 80 percent of the approximately 40,000 textile workers in Lesotho and an increasing proportion of those who migrate to South Africa for jobs in the textile industry. The pandemic has exposed the underlying challenges that are stifling the export competitiveness of the manufacturing sector as well as exposing the vulnerable position of women workers in the sector, who suffer from occupation segregation across the entire spectrum of labour market opportunities occupying lower-skilled jobs compared to men, even in sectors such as manufacturing where they predominate. Lesotho's mining sector is entirely dependent on diamond exports which have faced declining demand in recent years as well.

In the agriculture sector, Wool and mohair also enjoyed the status of being biggest agricultural exporter for well over the past 5 decades. However, the industry is dominated by men while women are more active in horticulture activities. The role of men in agricultural activities have been adversely affected by migrant labour where Basotho men left fertile soil to work in the gold mines in the neighbouring South Africa.

On the other hand, remittances from migrant workers have been the biggest source of funding for agricultural activities in Lesotho. These has been adversely affected by retrenchment of Basotho mineworkers and closure of mining projects in South Africa. Agriculture has been identified as a viable alternative to migrant labour. The necessary levels of real income can be generated from rotational field crops with improved practices on at least 2-3 hectares of land and irrigated fruit or vegetable production is an alternative for those without sufficient land for traditional field crops (Plath et al, 1987). Basotho have access to arable land and abundant water skills deficit and access to funding remains the biggest impediments to their active participation in commercial agriculture.

Low agricultural output and productivity, and heavy reliance on food imports are closely intertwined with food and nutrition insecurity in Lesotho, and as poverty remain a primary cause behind malnutrition, the structural challenges in the sector perpetuate the intergenerational transmission of malnourishment (World Bank, 2018). National policies deployed to effect and shape actions in agriculture and related sectors highlight the political, institutional, economic, environmental and social challenges of the sector and propose pathways to address the shortcomings. For instance, the National Strategic Development Plan (NSDP) sets the policy framework for the implementation of the Comprehensive Africa Agriculture Development Program (CAADP) process and identified four priority areas for agriculture development agenda. The agriculture sector priority areas include: (i) Reducing vulnerability and managing risk; (ii) **Promoting commercialization and diversification in agriculture**; (iii) **Strengthening capacity of farmers and institutions for increased and optimal agricultural performance**; **and (iv) Sustainable natural resource management**. Recently, the Lesotho Zero Hunger Strategic Review (LZHSR) was commissioned to address the challenges that may inhibit Lesotho from achieving zero hunger by 2030. Framed within the framework of Sustainable Development Goal number 2 and aligned to the Africa Union Commission's Agenda 2063 on 'The Africa we Want', the LZHSR pillars include access to adequate food and healthy diets all year round, end to malnutrition and all its forms, **sustainability of food**

systems, doubling of smallholder productivity and income, and **eliminating food loss and waste** (World Bank, 2018).

Over 70 percent of the country's population lives in rural areas and depends, directly or indirectly, on agriculture for employment and livelihood. The sector has the highest potential to increase food security, reduce rural poverty, and generate both on- and off-farm employment opportunities. Main crops include maize, sorghum and wheat which are planted as monocrops on 85 percent of the country's arable land which comprises 10 percent of Lesotho's total land area. Livestock contributes 30 percent of total agricultural output, including semi-intensive and intensive production of pigs and poultry, as well as extensive (free range) production of goats and sheep on rangelands in the foothills and highland areas. **However, the horticultural industry, with the highest potential to create jobs and to reduce poverty is vastly underdeveloped**.

Despite their prowess in farming, most women hardly venture into commercial farming, thanks to the patriarchal system and its attendant customary law precepts which deny women ownership of the land. While the battle continues for the enactment of laws to fully empower women and give them equal access to land as their male counterparts, a new breed of female commercial farmers is gradually emerging (Kabi, 2021)[2]. Female farmers in Lesotho still have a long way to go to break free from discriminatory the customary laws which favour men when it comes to land ownership and inheritance. Customary laws have a disproportionate discriminatory impact on women when compared to men (Makonese, 2016). More women needs to engage to join the discourse on their land rights.

It is worth noting that women's roles along the value chain are limited mostly to primary production and the small-scale marketing of produce. They are not being integrated comprehensively into other sectors of the value chain, including high-value activities such as commercial processing, logistic management, retailing, and linkages to international markets. The productivity of women continues to lag behind men at an average of 20–30% (AfDB, 2015).

Challenges in agribusiness that particularly affect the youth and militate against their participation include but are not limited to: insufficient access to knowledge and education; lack of access to land, markets and specialised financial products; poor representation and consideration in policy dialogue; and lack of innovative approaches in agriculture. Figure 1 presents the key challenges of women and youth in the agribusiness value chain map (adapted from AUDA-NEPAD, 2019) .

[2] https://allafrica.com/stories/202102150751.html

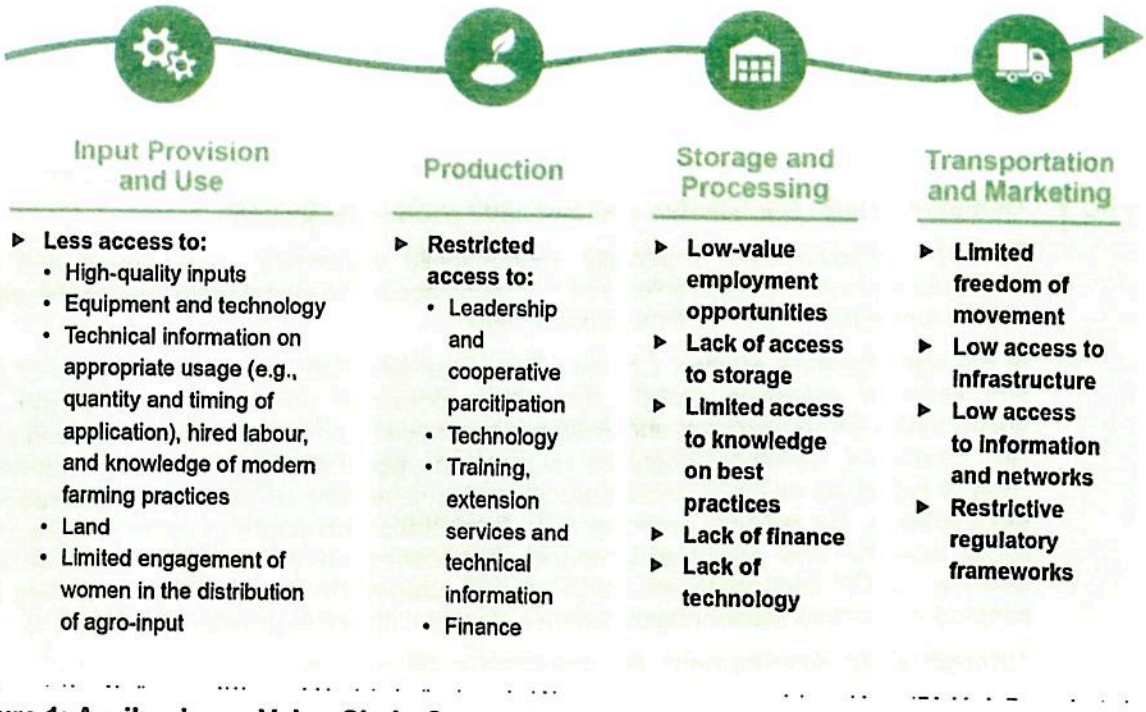


Figure 1: Agribusiness Value Chain Constraints for Women and Youth in Lesotho

Source: Adapted by the authors from AUDA-NEPAD (2019)

Following the successful implementation of the pilot phase of the horticulture project (in 2007), the Government of Lesotho has made a decision to transform strategic areas in Lesotho into major producers and exporters of early variety tree crops by applying proven results (Louw, 2017).

As the orchards begin to achieve commercial production levels, it becomes necessary to ensure the orchards are managed commercially and professionally. In conjunction with improving operational efficiency, a better understanding of market demand and the economics of horticulture is required, both within Lesotho, regionally and beyond as the operation expands, in order to increase farm revenues and to develop sustainable horticulture supply chains for domestic and international markets.

Thus, within the proposed project, specific emphasis will be placed on poverty reduction and addressing inequality and exclusion by addressing some of the challenges phased by women and youth in Lesotho as demonstrated in Figure1.

II. STRATEGY (1/2 PAGE - 3 PAGES RECOMMENDED)

The UNDP Country programme document (published 2018) for Lesotho (2019-2023) states that:

"*The proposed country programme 2019-2023 is informed by the 2030 Agenda for Sustainable Development, anchored on the draft NSDP II and the United Nations Development Assistance Framework (UNDAF) 2019–2023 and guided by the UNDP Strategic Plan, 2018–2021. The draft NSDP II prioritizes* ***promotion of inclusive and sustainable economic growth and private sector-led job creation to address challenges of political instability, persistent poverty, non-inclusive economic growth and inequality****. The UNDP programme is structured around three*

pillars: ***(a) governance, accountability, social cohesion and stability; (b) sustainable and inclusive economic growth; and (c) environmental sustainability, climate change and resilience.*** *The programme will leverage synergies with other United Nations agencies and contribute to the achievement of the Sustainable Development Goals."*

The proposed interventions are in support of specifically two of the UNDAF/CPD outcome groups:

1. **Outcome Group: Sustainable and Inclusive economic growth**

   By 2022, impoverished, especially economically vulnerable, unemployed and under-employed and vulnerable people have increased access to sustainable livelihoods, safe and decent employment, and income opportunities.

   In line with signature solution 1 of the UNDP Strategic Plan, keeping people out of poverty and inclusive economic growth, this pillar addresses poverty, inequality and limited opportunities for employment and livelihoods, especially among women, youth and persons with disabilities. Lesotho recognizes **agriculture**, manufacturing, technology, tourism and creative industries as key drivers for growth and employment. UNDP will **promote economic participation, for women, persons with disabilities and youth** in these sectors to foster social inclusion and equity and reduce dependence on the national Social Protection Scheme. UNDP best practices, **South-South cooperation** and business models will be adopted to promote collaborative platforms towards inclusive growth (UNDP, 2018).

   Through skills development, the programme will support the generation of demand for inclusion, especially among women, youth and persons with disabilities, and promote behaviour change for economic transformation (UNDP, 2018).

2. **Outcome Group: Resilience, Disaster Risk Reduction (DRR) and Climate Change**

   By 2022, environmental management, sustainable recovery and reconstruction, and resilience to climate change and natural disaster are strengthened at all levels.

   This pillar is aligned to signature solutions 3, 4 and 5 of the UNDP Strategic Plan: enhance national prevention and recovery capacities for resilient societies; promote nature-based solutions for a sustainable planet; and close the energy gap. UNDP will work with the Government to implement the National Strategic Resilience Framework in a gender-responsive and risk-informed manner. **The programme will focus on scaling up and replicating piloted sustainable land management models and best practices to support community groups, women, persons with disabilities and youth in regions that are highly susceptible to climate change impacts, environmental hazards and land degradation** (UNDP, 2018).

   The proposed interventions in this Project Document (developing a horticultural industry in Lesotho) will go a long way in contributing to this Outcome Group by:

   - Introduction of climate smart agricultural practices.
   - Support best practices.
   - Introduction of high value crops, and creating many job opportunities (upstream and downstream) to improve financial resilience of communities.

The condensed broad outline of the UNDP objectives and alignment to Lesotho forms the base for the theory of change presented in Figure 2 below.

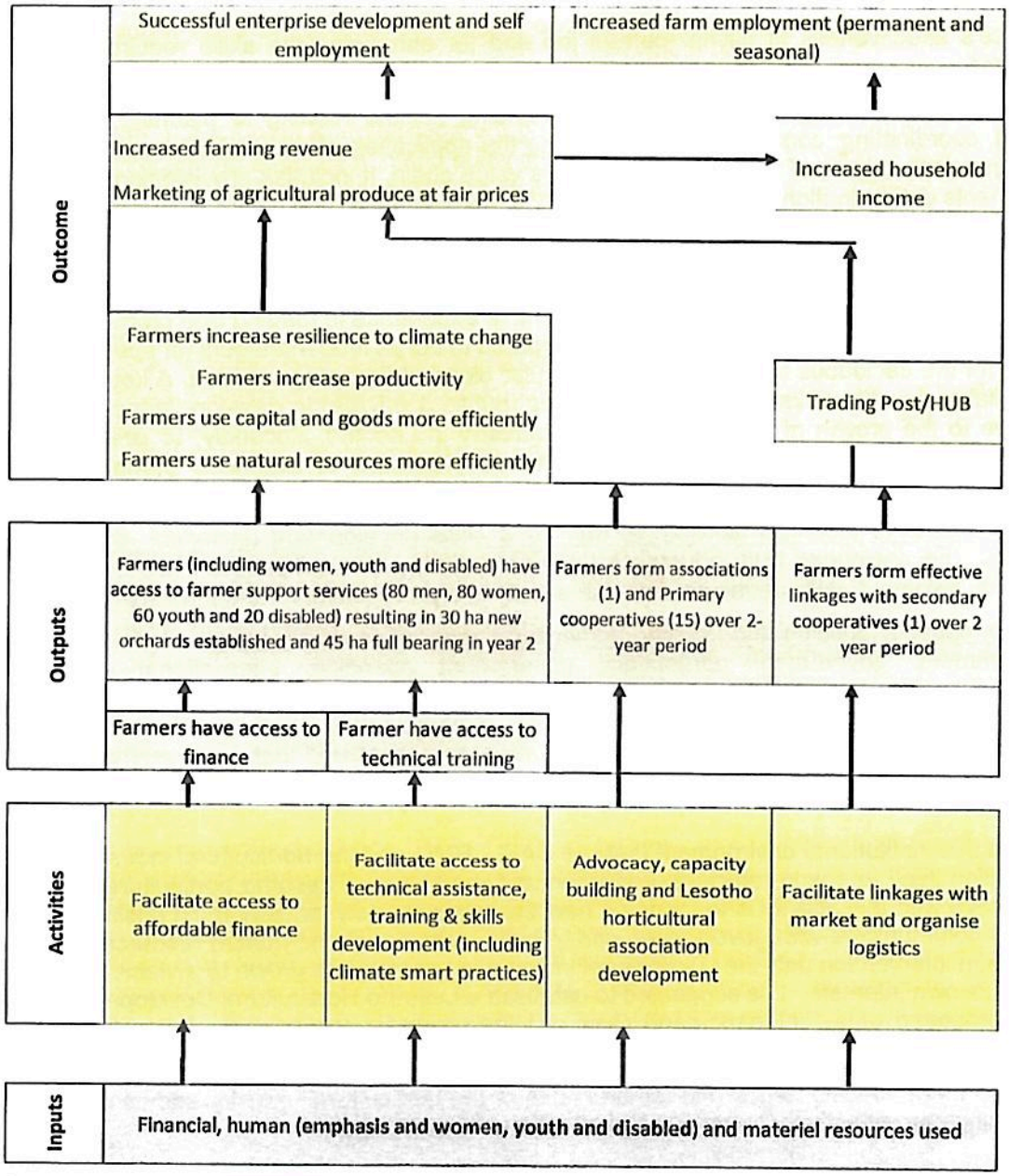


Figure 2: Theory of change: Alleviating Poverty through Expansion of Deciduous Fruit Production in Lesotho

Notes on the theory of change:

Inputs:

Sound financial planning is required to ensure that all of the resourcing requirements of an organization are identified.

Sound human resource planning is fundamental to an organization's capability and capacity to effectively deliver services. Sufficient and appropriate training is fundamental to improving an

employee's effectiveness in his/her current job and for enhancing the skills required for future challenges.

Materiel. Materiel management consists of continuing actions relating to planning, organizing, directing, coordinating, controlling, and evaluating the application of resources to ensure effective and economical support of the industry / business value chain. It includes provisioning, cataloging, requirements determination, acquisition, distribution, maintenance, and disposal.

Proposed activities to be supported by the IBSA fund:

Facilitate access to affordable finance. During a field visit and interviews with financial institutions in February 2022 they all indicated that they do not have experience in funding tree crops (deciduous fruit). However, they all indicated that they are prepared to act as fund managers for special purpose vehicles for the deciduous fruit industry. In particular blended financing vehicles. A key activity will be to collaborate with various financial institutions (public & private) to develop financing vehicles conducive to the growth of the deciduous fruit industry in Lesotho. Secondly, **to present these vehicles to farmers and to assist them in the development of business plans to access finance.**

Facilitate access to technical assistance, training & skills development (including climate smart practices). The deciduous fruit industry in Lesotho cannot grow competitively without technical assistance, training & skills development. This activity is a prerequisite for the industry to grow.

Advocacy, capacity building and Lesotho horticultural association development. There is a myriad of government, government parastatals, government agencies, international donor and development agencies and other organisations currently involved or with an intention to get involved in the horticultural industry in general and specifically deciduous fruit. An observation of the authors is that horticulture as a sub-sector gets lost in all these institutions and that there seems to be very little coordination between strategies, projects, programs, actions and initiatives between these institutions.

It is within this institutional environment that the CAFI - PMU and the horticultural industry at large must position itself to ensure efficient production and marketing of Lesotho horticultural products. The objective with this activity is to focus on how the relatively new industry must position itself to effectively communicate with government, and to build institutional and human resources capacity as an interim intervention until the Horticultural industry in Lesotho has grown to a viable industry to look after its own interests. It is suggested to establish a Lesotho Horticultural Development Board – LHDB (proposed name for the moment). Such an intervention for government relationship-building would serve a number of objectives, including the following:

- Ensuring that specific issues and requirements of the horticultural industry and its constituent groupings are effectively brought to the attention of Government
- Creating a climate of cooperation in which the horticultural industry can contribute towards policy formulation and other government initiatives such as the negotiation of **trade agreements**
- Creating a climate in which the horticultural industry can become an effective partner in the implementation of government policy with special emphasis on issues relating to **marketing and market access.**

It is proposed that the Ministry of Trade and Industry through CAFI – PMU, with support from the IBSA fund, should introduce an implementation phase (say 2 years) with an exit strategy over another 2-year period once adequate institutional capacity has been established. **The output of such an intervention will significantly support the establishment of primary and secondary**

horticultural coops (key partners in the establishment of a Lesotho Horticultural Development Board).

Facilitate linkages with market and organise logistics. The proposed intervention should create sustainable and efficient mechanisms by means of proactive actions that will address inefficiencies that exist in the marketing chain, enhance competitiveness, improve and sustain profitability and improve the industry's ability to take advantage of new market opportunities on the domestic and international frontiers. **Establishing the proposed secondary coop, with support from the IBSA fund, will be key to facilitate this activity.**

III. RESULTS AND PARTNERSHIPS (1.5 - 5 PAGES RECOMMENDED)

Expected Results

The IBSA fund will focus on the pre-incubation programme, which will be Phase 1 of envisaged Lesotho Horticultural Incubation Hub & Training Centre (see figure) that a number of key partners are already collaborating towards its development to ensure sustainable horticultural industry in Lesotho.

> ***We need the approach that is the antithesis of analysis, namely, synthesis. We are steeped in the analytical tradition. Essentially: take a living thing apart to discover what life is; you will not find a component called life-and behold the life thing is dead. If our only scientific tool is the analytic reduction of a system to its component parts, so that the very nature of the system itself as a viable entity is lost, so that its synergy's are denatured, so that it is nothing but a bag of bits, then we do not deserve the name of scientist in the world of complex systems and complicated syntax."***
>
> ***- Beer***

The proposed Phase 1 to be funded through IBSA fund will focus on business incubators to provide targeted business support services to early stage SMEs. They are vital to the health of the SME sector in Lesotho, particularly since they focus on the root causes of early stage business failure: poor business strategy and lack of access to finance.

The overriding purpose of the incubator is to demonstrate that new business models can operate profitably and that primary sector production integrated into value chains can create sustainable wealth and new employment. Their additional role is to communicate this information to persons who may be interested in forming new businesses. Through their activities, their communications and their network formation, agribusiness incubators are able to create credible and actionable information about value addition. Once created this information has tremendous economic value for potential investors, who are hence challenged and motivated to undertake additional private investment (DTI, 2014).

The Horticultural Incubator / training centre will be regarded as an incubator with a sector-specific focus as it will provide sector-specific services and resources, in this case the horticultural sector (mainly fruit).

Figure 3 is a conceptual framework of the Lesotho Horticultural Incubation Hub & Training Centre

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Empowered lives. Resilient nations.

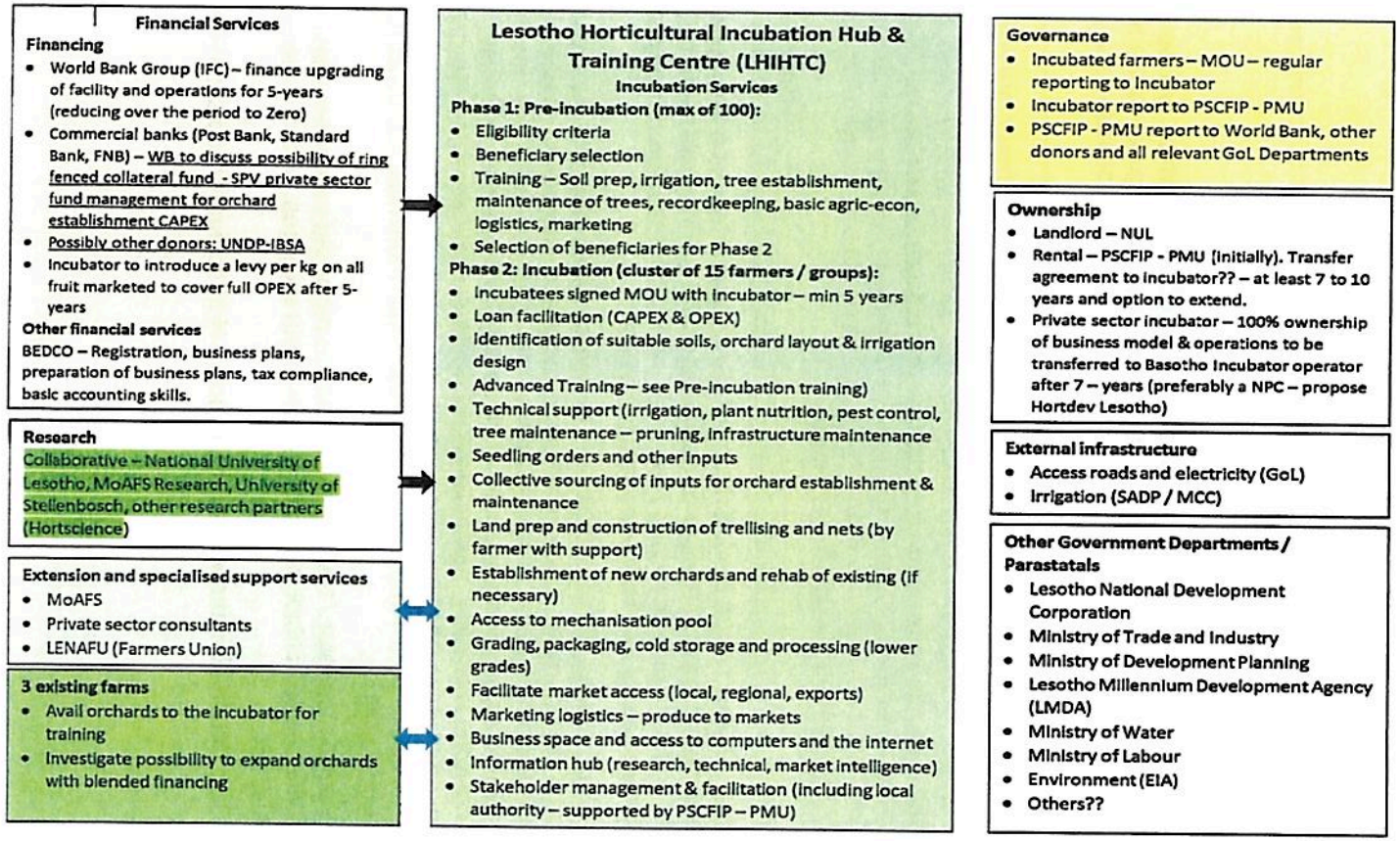


Figure 3: Conceptual framework of the Lesotho Horticultural Incubation Hub & Training Centre

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The Incubator will offer services primarily to small commercial farmers within Lesotho. Like traditional business incubators, agricultural or farm incubator projects aim to help new and small commercial farm entrepreneurs establish and successfully operate their own businesses by providing specific resources and services that are difficult for start-up entrepreneurs to access on their own.

The types of resources and services offered by farm incubator projects vary depending on geographic area, demographics, funding, and other factors. However, the overall goal of farm incubator projects is to **minimise the barriers to entry for aspiring and beginning farmers.**

Clients are first accepted into the one-year pre-incubation programme where they are guided through a series of assessments, including needs analysis, land analysis as well as water and irrigation. The clients can decide to continue to the full incubation programme after pre-incubation has been completed and they comply with eligibility criteria (available from the authors). The full incubation programme is an intensive three year programme.

The process of client selection can start at the end of each year in order to accumulate for the upcoming year as some incubatees are graduating and exiting the programme towards the end of each year.

Once the incubatees have reached the end of their incubation programmes, there are certain criteria that should be adhered to before the incubatees can graduate form the pre-incubation programme as well as the full incubation programme.

Pre-Incubation Programme

At the end of the pre-incubation programme, clients can either exit the programme or aim at advancing to the full incubation programme. Advancement is based on interest and readiness for the intensive program, as well as receipt of an initial loan from a key stakeholder assisted through the pre-incubation programme (InfoDev Agribusiness, 2014).

Full Incubation Programme

To graduate and exit from the full incubation programme, incubatees must:

- exhibit top-notch technical skills;
- indicate exceptional business acumen;
- possess a desire to graduate; and
- consist of an acceptable business plan for post-graduation activities.

Resources Required to Achieve the Expected Results

See Figure 3 and refer to VII. MULTI-YEAR WORK PLAN

Partnerships

See Figure 3

Risks and Assumptions

See Annex 3

Stakeholder Engagement

Farmer stakeholders:

Applicants (individual farmers or farmers groups) must:

1) Demonstrate that vulnerable groups (**women, youth and disabled**) will be key beneficiaries of their projects.
2) Have access to land (owned, traditional or rental) for at least a period of 30-years if rented[3]. Minimum of 5 ha but preferably 10 ha or more. The land must be located within ±50 km from the proposed hub (**see Figure 4 and 5 below**).
3) Have access to good quality irrigation water of a quantity that is adequate to irrigate fruit and vegetables (as cash crops) for the area specified above (about 6 000 m^3 per ha).
4) Be within less than 2 km from main roads. Where secondary roads are well maintained and accessible, said criteria will be relaxed.
5) Access to electricity supply and or diesel water pumps – adequate for irrigation pumps, is an advantage for farmer consideration. Where feasible project will facilitate financing for appropriate irrigation systems.
6) In the case of farmers groups, they must have an existing legal entity (Coop or Company) or they must be prepared to establish such an entity.
7) Must already farm with fruit trees or have the intention and commitment to establish and to farm **commercially** with **fruit trees** (mainly apples). However, it is recognized that farmers will also need cash crops (vegetables) in the short to medium term to overcome cash flow challenges until the trees are full bearing (about 7-years).
8) Full incubation beneficiaries must sign a contract with the incubator for a period of at least 7-years (when trees are full bearing) to commit to stay on the program and to market their crops facilitated through the incubator. The contract will be negotiated and available before incubation startup. The contract will also specify that farmers must pay a fair levy per kg (to be determined) of products marketed through facilitation of the incubator once the trees / vegetables are harvested.
9) Commit to full-time involvement and commercial business.
10) Soundtrack record and growth potential of the client and enterprise.
11) Currently be selling produce to markets (preferably commercial – no subsistence).

Lesotho National Agricultural Farmers Union (LENAFU) and the MINISTRY OF AGRICULTURE AND FOOD SECURITY (MoAFS) will play a key role in the identification and selection of candidates.

[3] Most green fields projects will only start to break even after 12-15 years. Thus, if you rent the land you want a long lease agreement to make sure that you reap the benefits from the risk you take plus the huge investment

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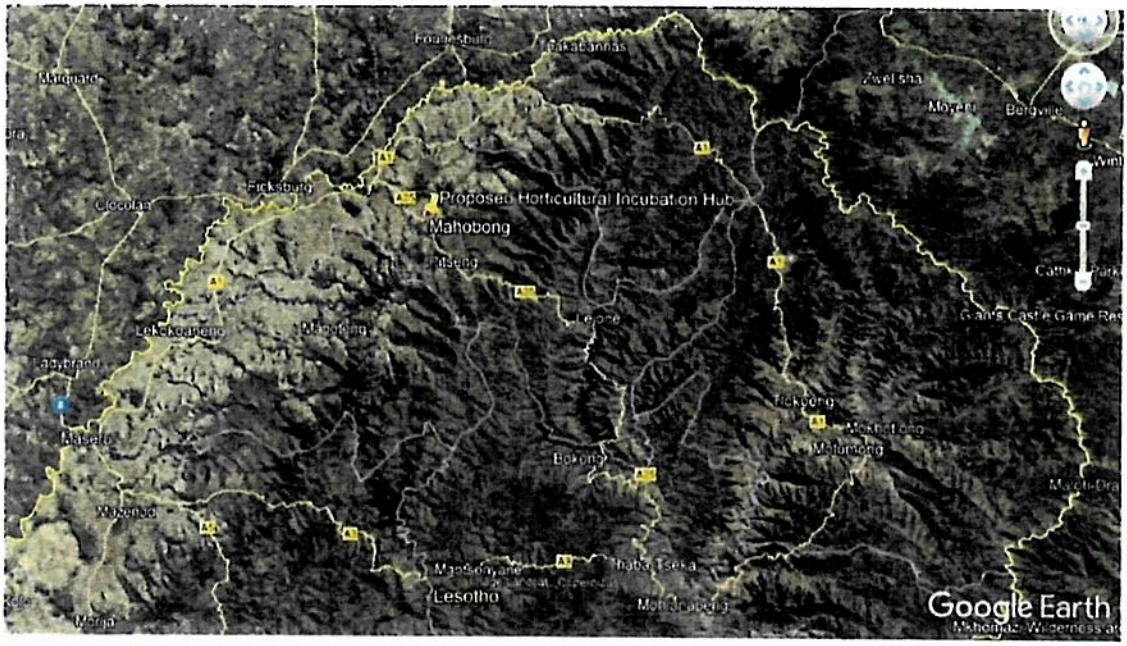


Figure 4: Location of the Proposed Horticultural Incubation Hub and training centre

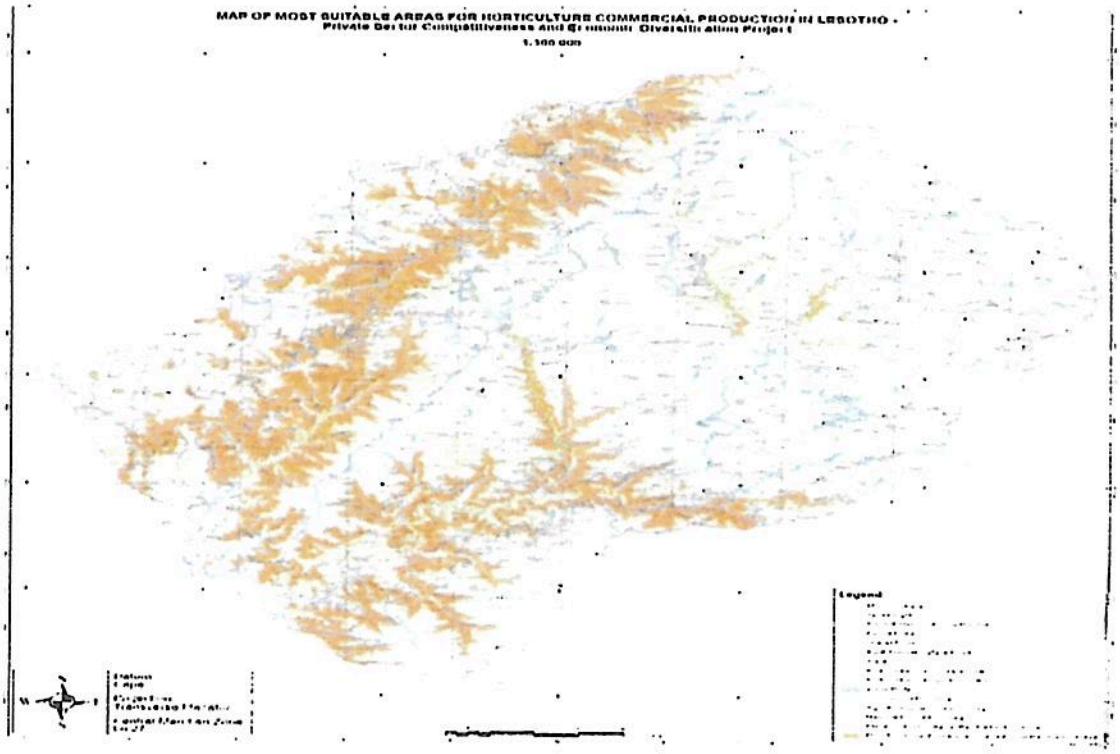


Figure 5: Most suitable areas for horticultural development

The incubator (to be selected through a competitive bid process):

CAFI - PMU is looking to identify an organization, or a consortium of organizations, to:

1. Create a sustainable, locally operated, incubator that accelerates the growth of existing and early-stage commercial enterprises.
2. Create a targeted set of activities to support farmer entrepreneurship
3. Identify gaps and inefficiencies of initiatives supporting horticultural farmers and innovation at national level.

The incubator will be a key stakeholder in the implementation of the project. The Project will facilitate the selection of an experienced private co-investor/operator to establish and manage the Horticulture Incubator/Training Facility and deliver support to the selected farmers (with a proven track record of managing similar programs) under an open and transparent international competitive bidding process and based on clearly defined outputs and outcomes.

The evaluation committee will preliminarily review all proposals and select up to 3 of the highest-ranking proposals that they will evaluate in depth against the criteria stipulated in the table below:

Evaluation Criteria	**Implementing an Horticultural Incubation Hub & Training Center in Lesotho**
Demonstrated experience fostering technology, service and agri-business innovation and entrepreneurship and supporting growth oriented enterprises	15
Capacity to enable youth & women entrepreneurship	15
Quality, feasibility, scalability, and sustainability of the operational strategy	15
Demonstrated entrepreneurial experience	10
Demonstrated performance, capacity, leadership and management effectiveness with a private sector approach	15
Low risk for execution of the grant agreement	5
Proven capacity to lever external resources	5
Monitoring and knowledge dissemination methodology to be implemented throughout the project	5
Knowledge of the barriers, challenges and opportunities for horticultural incubation & training	10
Feasibility of the sustainability plan	5

Maximum Possible Points	**100**

Other affected groups:

- **Department of Research, MINISTRY OF AGRICULTURE AND FOOD SECURITY (MoAFS)** - The objectives are: To develop appropriate agricultural technologies for improved and sustainable agriculture, To transfer relevant scientific knowledge and information to all stakeholders for sustainable development of agriculture, To provide laboratory, phytosanitary, quarantine, consultancy and other relevant services to all stakeholders. The Second Sustainable Agriculture Development Project (SADP2) under MoAFS - The project development objective is to support the increased adoption of climate smart agricultural technologies in Lesotho's agriculture, enhanced commercialization and improved dietary diversity among targeted beneficiaries. Finally the Agricultural Productivity Program for Southern Africa (APSA) - The objective of APPSA is to increase the availability of improved agricultural technologies in participating countries in the SADC region. One of the components of APPSA talks about supporting technology dissemination activities (extension, strengthening of innovation systems). It should be obvious that the MoAFS will be a key stakeholder in this project.
- **Lesotho National Agricultural Farmers Union (LENAFU)** is a conglomerate of farmer groupings in Lesotho namely 10 district farmer associations, 5 national commodity farmer associations and 2 national non-state actor associations/cooperatives, exists to enhance farmer contribution in transforming agricultural sector in Lesotho. They intend to revitalize the Horticultural Association, assist with the identification and selection of suitable farmers. they have about 70 000 members (30% horticulture) and will be key in the development of a communication strategy for the project.
- **The National University of Lesotho** is the landlord on the identified property at Mahobong. The University will in collaboration with the University of Stellenbosch in South Africa provide research services to the Lesotho Horticultural Incubation Hub & Training Centre.
- **Lesotho National Development Corporation**
- **Ministry of Trade and Industry**
- **Ministry of Development Planning**
- **Lesotho Millennium Development Agency (LMDA)**
- **Ministry of Water**
- **Ministry of Labour**
- **Environment (EIA)**

South-South and Triangular Cooperation (SSC/TrC)

In order to develop a Lesotho Horticultural Industry which is in line with global trends and globally competitive, partnership throughout the value chain is of paramount importance. The logical choice is **South African partnerships** since the South African horticultural industry is one of the most competitive in the world. Based on the fact that the Lesotho fruit industry is currently very small with limited access to support services, the following partnerships are suggested:

- On the **farm input supply** side: partnership with **VKB** which is currently supplying the Free State farmers with most of their farm inputs

- **Plant material:** South African nurseries and CULDEVCO. Culdevco is a joint venture between the Agricultural Research Council (ARC) and the South African Deciduous Fruit Industry to commercialise all ARC-bred varieties. Through the license agreement with the ARC, Culdevco (Pty) Ltd obtained the exclusive rights to commercialise all ARC-bred varieties in South Africa and internationally as from the 1st of March 2006. Currently there are more than 150 varieties under the management of Culdevco, which include varieties of apples, pears, plums, peaches, nectarines, apricots and table grapes, as well as apple and stone fruit rootstocks.
- **Plant health, food safety and weather:** Hortec is a South African company with more than 20 years' experience in the fruit industry. Their laboratories are accredited according to ISO 17025:2005 and provide a high-quality professional service which meets the requirements of local and export markets. They provide the following services:
  - The **Fruit Quality Services** division provides fruit quality and maturity management services to fruit producers, pack houses and exporters for a wide variety of fruit including pome, grape and stone fruit as well as other exotic fruit like persimmons and kiwi fruit.
  - The **Analytical Services** division provides food safety related testing to the fresh produce and other food producing industries. Our portfolio includes testing for pesticide residues in fresh produce as well as other undesirable or regulated residues like mycotoxins and food dyes in various food commodities.
  - The **Weather Services** division provides important meteorological data to customers including weather station owners. Our customers have direct access through our web based software (iLeaf) to weather stations, weather forecasts, frost warnings, insect and disease models as well as various climate related temperature models.
- **Market readiness technical**: Hortgro and South African horticultural consultants (there are many)
- **Research**: Stellenbosch University Horticultural Sciences Department (established in 1918). Their mission is to educate and train undergraduate and post-graduate students in plant biology (growth and development, eco-physiology, post-harvest physiology) for deciduous and evergreen tree systems in commercial horticulture, to enable students to be competitive in the labour market. Also, to conduct dynamic research in the deciduous fruit and citrus industries, providing value adding technology for industry partners aimed at increasing their global competitiveness and profitability.
- **Product quality**: Negotiate an agreement with the South African PPECB to inspect Lesotho fruit to comply with South African standards (similar to Namibian table grapes)
- **Packhouse's**: Maluti Fruit (Pty) Ltd – Hein Punt
- **Market agents – South African fresh produce markets**
- **Selected South African retailor outlets and or their procurement agents.** Since it is not foreseen that Lesotho will produce large volumes of fruit in the foreseeable future, it is proposed to partner only with a few outlets in Lesotho and in the Free State.
- **Fruit processors in Lesotho** - Basotho Fruits and Vegetables Canning Factory
- **Exporters, regional and international** – it is recommended to only select potential partners which belong to the South African Fresh Produce Exporters Forum (FPEF). The FPEF is a

voluntary, non-profit organisation with more than **130 members**, accounting for over 90% of fresh fruit exported from South Africa. The FPEF is also a member of Fruit South Africa (FSA), together with the country's four growers' associations. This position strengthens the FPEF's role of providing leadership and services to its members, the international buying community and the fresh fruit export industry as a whole.

- **Compliance specialist in South Africa** (e.g. GLOBALG.A.P, HCCP, SPS requirements etc.)

It is believed that Hortgro (the umbrella industry organisation for pome and stone fruit in South Africa) and the Fresh Produce Exporters Forum (FPEF) can be of great assistance to ensure that Lesotho only partner with reputable organisations and individuals in the South African fruit industry.

Knowledge

A number of training manuals will be produced (**with support from the IBSA fund**) on the following topics:

- All technical aspects of growing fruit and vegetables (e.g. crop selection, land preparation, orchard management, pre-harvest, post-harvest etc.)
- Recordkeeping and financial management
- Climate smart agriculture
- Introduction to trade (concepts to be covered: what is trade, concept of value/supply chains, globalisation, trade agreements, relevance of currency in trade, trade barriers, tariffs, phytosanitary measures, food safety, market access and market development, introduction to the concept of sustainability with reference to the SAFA guidelines etc.)
- Compliance (SA GAP, Global GAP, SIZA, WIETA);
- Market intelligence and trade analytics;
- Relevance of logistical chain;
- Institutional support network.

The incubator will be expected to compile regular progress reports including amongst others – achievements, challenges, lessons learned, media products, testimonials for beneficiaries. These, or an executive summary, will be circulated to key stakeholders.

The incubator will be encouraged to organise media briefing sessions and open days at the Incubator Hub to showcase achievements ***and to give recognition to sponsors***.

Sustainability and Scaling Up

The organization implementing the incubator, either on its own or in partnership/consortium with other organizations must be capable of developing the business incubator as a **self-sustaining business-like organization**, after donor funding, and of providing intensive, practical business support to its clients. Even though the incubator should not be seen as a source of private profit, a private sector approach is essential.
The successful incubator organization should be able to demonstrate their own entrepreneurship and their ability to implement a sustainable business incubation model. For instance, the ability to

identify additional sources of funding and to implement a plan that will in the end see the business incubator financed through the success of its clients, by way of royalties on gross sales and/or equity, to pay for the incubation services, along with user charges. The successful incubator should use its limited resources as a multiplier that will leverage other sources of funds.
A key objective of this project is for local Basotho's to eventually manage the Incubator hub & Training center. It is of paramount importance that applicants, in their RFPs propose a high-level exit strategy when the contract ends to achieve a smooth handover to local Basotho's.
Finally, the incubator should have a national focus covering Lesotho, with the potential to provide **outreach (satellite) services beyond Mahobong**. The authors believe, there is a huge potential for scaling up as the commercial horticultural industry grow in Lesotho to establish similar facilities / center's in other regions of Lesotho.

Visibility and credit

In line with IBSA Fund programme guidelines (Rev.8), the IBSA fund will receive visibility and credit in any information prepared and publicized (including display of the IBSA logo) on the platforms utilized by the project to disseminate information on its activities such as websites, social media, press releases, policy briefs, print and electronic media, and reports etc.

IV. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMENDED)

Cost Efficiency and Effectiveness

In most of the developing world, agriculture is a business with low profitability. In many cases agriculture is not sustainable. The commercialisation of smallholder farmers to be more productive and sustainable is the only solution to overcome this situation. Incubators are one path for agribusiness development. There are different types of incubators and they evolve over time. Successful incubators learn how to fund themselves as they mature. They have a significant impact in growing sustainable agribusiness SMEs. They fill a gap among alternative approaches that pursue growth of commercial agriculture.

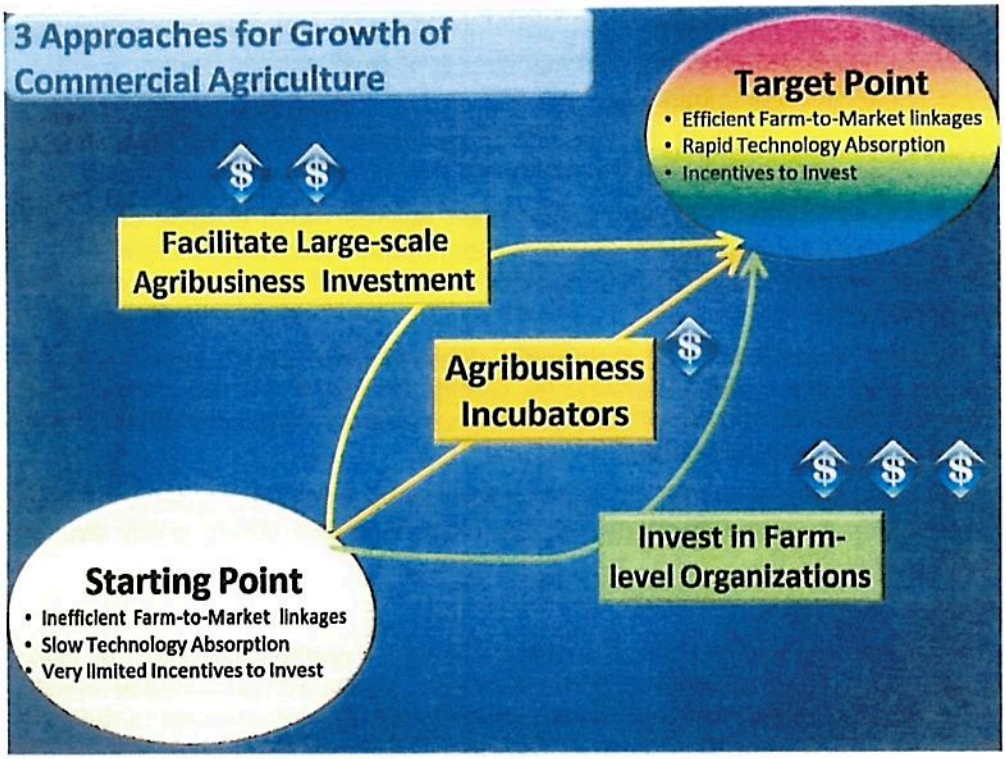


Figure 6: Conceptual contribution of agribusiness incubators

Source: Agrifood Consulting International (ACI) (2011)

They provide many services efficiently (operational and cost) – see Figure 3 and 6:

- Infrastructure and facilities
- Business development services
- Access to finance
- Access to government programs
- Training and Capacity Building
- Strategic advice
- Technology advice
- Linkages and networking
- Consulting services
- Matchmaking
- Product development

By providing these services they reduce risks for their clients and they help to build the value chain. Advanced incubators replicate and scale up through incubation of new incubators. They provide a high social return on investment.

There are many examples but one in South Africa is Timbali in Limpopo and Mpumalanga that incubate small farm enterprises headed by poor women. They have graduates since 2004 more

than 300 small farm enterprises with full integration with the cut flower and vegetables value chains. Poor women becoming assertive and economically independent small entrepreneurs.

Incubators breed success, success meaning growth of sustainable agribusiness enterprises. They help clients reducing the risk inherent to agricultural production and distribution through a combination of technology, institutional, and networking strategies.

Successful agribusiness incubators overcome coordination failures within a value chain and by doing so they are more likely to achieve industry or sector impact. Successful integration implies finding incentives for collaborating and linking previously disconnected farmers and consumers in urban and global markets.

Successful Agribusiness incubators have a powerful demonstration effect: previously untried ventures become possible and a positive energy for change becomes diffused. Scaling up and replicability are the real test of the efficacy of the incubating approach to agribusiness development. The evidence reviewed so far shows promise.

Agribusiness Incubators are the New Path for Agribusiness Development in the developing world. Their success will require a concerted effort of global institutions and strong policy support of national governments (ACI, 2011).

Project Management

The Lesotho Horticultural Incubation Hub & Training Centre in partnership with the National University of Lesotho (NUL) and Stellenbosch University in South Africa will be located at an existing facility (see Figure 4) in Mahobong (which is owned by NUL) and located adjacent to the existing horticulture farms. This could potentially include co-location at the same facility of an NUL managed horticulture research centre that is under planning for support through the World Bank's Agricultural Productivity Program for Southern Africa (APSA). It is envisaged that satellite incubation centres will also be established in other high potential horticultural regions of Lesotho (see Figure 5).

The Ministry of Trade and Industry through the CAFICAFI-PMU office is located at the 1st Floor, 'Matanki House, Cnr. Kingsway and Balfour Rds in Maseru (Lesotho). It is foreseen that the CAFI-PMU (funded by GoL loan from the World Bank) will be overall responsible for the implementation of the project and the first point of entry for communication with the GoL (all relevant Departments).

The incubated farmers will sign a MOU and report regular to the Incubator. The Incubator will report to CAFI – PMU and the CAFI - PMU report to UNDP. Progress reports as per IBSA guidelines will be submitted to UNDP that in turn will submit to IBSA Board of Directors through the UNOSSC. It is foreseen that the Incubator will be governed by a Board of Directors consisting of key stakeholder representation (Secondary Coop, LENAFU, the Incubator, NUL and CAFI – PMU). The day to day management of the project will be provided by a CEO and management team of the incubator. The CAFI – PMU will ensure that proper auditing arrangements are implemented.

Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets: Average annual earnings of female and male employees, Proportion of working-age population that have employment in formal and informal sectors (access to decent work), by sex and age, Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Applicable Output(s) from the UNDP Strategic Plan: Marginalised groups empowered, Inclusive local economic development, sustainable management of natural resources including sustainable commodities and green and inclusive value chains??

Project title and Atlas Project Number:

EXPECTED OUTPUTS	OUTPUT INDICATORS[1]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	FINAL	
Output 1: Farmers (including women, youth and disabled) have access to farmer support services	*1.1 Number of men supported*	*PSCED - PMU*	0	2022	*40*	40	*80*	*Registration form, independent annual review per beneficiary and signed by beneficiary – Risk: inability to find suitable candidates (low)*
	1.2 Number of women supported	*PSCED - PMU*	*0*	*2022*	*40*	40	*80*	*Registration form, independent annual review per beneficiary and signed by beneficiary – Risk: inability to find suitable candidates (low)*
	1.3 Number of youth supported	*PSCED - PMU*	*0*	*2022*	*30*	*30*	*60*	*Registration form, independent annual review per beneficiary and signed by beneficiary – Risk: inability to find suitable candidates (medium)*
	1.4 Number of disabled supported	*PSCED - PMU*	*0*	*2022*	*10*	*10*	*20*	*Registration form, independent annual review per beneficiary and signed by beneficiary – Risk: inability to find suitable candidates (high)*

	1.5 Number of examples of good practices in South-South cooperation transferred Lesotho with support of IBSA	*PSCED - PMU*	*0*	*2022*	*2*	*3*	*5*	*Independent annual review of project*
Output 2: Farmers form associations and Primary cooperatives	*2.1 Number of producer associations established an operational*	*Certificate of registration as NPO*	0	2022	*1*		*1*	*Data collection by Hub and verified by CAFI - PMU*
	2.2 Number of primary cooperatives, meeting at least once yearly	*Registration certificate*	0	2022	*10*	5	*15*	*Data collection by Hub and verified by CAFI - PMU*
	2.3 Number of South-South cooperation knowledge exchanges supported/facilitated	*PSCED - PMU*	0	2022	*1*	2	*3*	
Output 3: Farmers form effective linkages with secondary cooperatives	*3.1 Number of secondary coops established & operational* *3.2* Number of evidence-based good practices documented based on the project achievements	*Registration certificate and operational criteria ticked*	0 0	2022	*1* *1*	0 1	*1* *1*	*Data collection by Hub and verified by CAFI - PMU*

V. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	CAFI – PMU and appointed Incubator	N/A
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	CAFI – PMU and appointed Incubator	N/A
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	CAFI – PMU and appointed Incubator	N/A

Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	CAFI – PMU and appointed Incubator	N/A
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	CAFI – PMU and appointed Incubator	N/A
Project Report	A progress report will be presented to the IBSA Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Quarterly, and at the end of the project (final report)		CAFI – PMU and appointed Incubator though UNOSSC as Fund secretariat	N/A
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	CAFI – PMU and appointed Incubator and through	N/A

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Evaluation Plan[4]

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Terminal Evaluation	CAFI – PMU and appointed Incubator	4.1 **Natural resources** protected and managed to enhance sustainable productivity and livelihoods	Outcome 3.1: By 2023, government and private sector increase opportunities for inclusive and sustainable economic growth, improved food security and decent work especially for women, youth and people with	September 2024	UNDP, IBSA, Ministry of Agriculture, Ministry of Forestry	UNDP-IBSA

[4] Optional, if needed

VI. MULTI-YEAR WORK PLAN [5][6]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year		RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2		Funding Source	Budget Description	Amount
Output 1: Farmers have access to finance – support service	1.2 Sensitation workshops with farmers to introduce SPV's	$32 000	$32 000	CAFI - PMU / Fin Institutions / Consultant	UNDP-IBSA	Grant	$64 000
	1.3 Assist farmers with business plans and to submit applications	$76 800	$76 800	CAFI - PMU / Fin Institutions / Consultant	UNDP-IBSA	Grant	$153 600
	Sub-Total for Output 1	**$108 800**	**$108 800**				**$217 600**
Output 2: Farmers have access to technical training – technical support service	2.1 Awareness raising seminars to introduce the to be established Horticultural Incubation Hub & Training Centre	$17 533	$13 033	CAFI - PMU / Incubator	UNDP - IBSA	Grant	$30 567
	2.2 EOI of a long list of potential farmers to be trained and incubated	$3 000	$3 000	Incubator	UNDP - IBSA	Grant	$6 000

[5] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[6] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year		RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2		Funding Source	Budget Description	Amount
	2.3 Use eligibility criteria to produce and finalise a short-list of candidates to be incubated (emphasis on women, youth and disabled)	$9 000	$6 000	CAFI - PMU / Incubator	UNDP - IBSA	Grant	$15 000
	2.4 Final costing assessment for repairs and upgrading of the National University of Lesotho facility at Mahobong - the recommended site for the Lesotho Horticultural Incubation Hub & training centre (CAPEX)	$108 684	$0	CAFI - PMU / Incubator	UNDP - IBSA	Grant	$108 684
	2.5 Procurement of training equipment (furniture, laptops, monitors, multi-media projectors, internet connectivity, other moveable's)	$3 141	$1 400	Incubator	UNDP - IBSA	Grant	$4 541
	2.6 Assessment of training requirements - needs	$20 480	$20 480	Incubator	UNDP - IBSA	Grant	$40 960
	2.7 Develop a training master plan	$10 240	$10 240	Incubator	UNDP - IBSA	Grant	$20 480
	2.8 Develop or obtain existing training material	$16 896	$5 632	Incubator / Training partners	UNDP - IBSA	Grant	$22 528
	2.9 Develop training implementation schedule	$30 720	$30 720	Incubator	UNDP - IBSA	Grant	$61 440
	2.10 Identify and appoint appropriate trainers - procurement	$4 800	$3 200	Incubator	UNDP - IBSA	Grant	$8 000
	2.11 Training based on master plan and schedule	$132 000	$132 000	Incubator / Training partners	UNDP - IBSA	Grant	$264 000
	MONITORING	$21 600	$21 600	CAFI - PMU / Incubator	UNDP - IBSA	Grant	$43 200
	Sub-Total for Output 2	**$378 095**	**$247 305**				**$625 400**
Output 3:Farmers form	3.1 Assist farmers to register coops and to develop shareholders agreements / constitution	$21 600	$14 400	Incubator	UNDP - IBSA	Grant	$36 000

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PROJECT DOCUMENT

[Alleviating Poverty through Expansion of Deciduous Fruit Production in Lesotho]

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year		RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2		Funding Source	Budget Description	Amount
associations and Primary cooperatives	3.2 Training of farmers on the basic elements of operating a sustainable primary cooperative	$6 000	$6 000	Incubator / Consultant	UNDP - IBSA	Grant	$12 000
	Sub-Total for Output 3	**$27 600**	**$20 400**				**$48 000**
Output 4: Farmers form effective linkages with secondary cooperatives	4.1Training of board members on their roles and responsibilities	$5 400	$3 600	Incubator / Consultant	UNDP - IBSA	Grant	$9 000
	Sub-Total for Output 4	**$5 400**	**$3 600**				**$9 000**
General Management Support		$25 000	$25 000	UNDP	UNDP - IBSA	Grant	$50 000
TOTAL		$544 89[illegible]	$405 10[illegible]				$950 000

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Summary of UNDP – IBSA application summary:

	Output and activities per output	Total
UNDP - IBSA ringfenced application	Grant for Output 1	$217 600
	Grant for Output 2	$625 400
	Grant for Output 3	$48 000
	Grant for Output 4	$9 000
	GRANT Total	$900 000
	UNDP Admin support	$50 000
	Total	**$950 000**

Beneficiaries target	Men	80
over 2-years	Women	80
	Youth	60
	Disabled	20
Total		**240**

Indirect beneficiaries	Number of units	Unit	Beneficiaries /unit	Total number
Household members	240	Member	5	1200
Permanent farm workers	105	Ha	1.2	126
Seasonal farm workers	45	Ha	10	450

Hub Perm Staff	1	Hub	5	5
Farmers associations board members	16	Coops / Associations	4	64
Value chain support services	105	Ha	4	420
Total				**2265**

First year quarterly workplan

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by quarter Year 1				RESPONSIBLE PARTY
		Q1	Q2	Q3	Q4	
Output 1: Farmers have access to finance	1.1 Identification of potential financing partners and sign MOU to ensure commitment					CAFI - PMU / Fin Institutions / Consultant
	1.2 Develop draft special purpose vehicles (SPVs) models in collaboration with funding partners - including terms and conditions					CAFI - PMU / Fin Institutions / Consultant
	1.3 Present and refine SPV to funding partners - sign MOA					CAFI - PMU / Fin Institutions / Consultant
	1.4 Sensitation workshops with farmers to introduce SPV's					CAFI - PMU / Fin Institutions / Consultant
	1.5 Assist farmers with business plans and to submit applications					CAFI - PMU / Fin Institutions / Consultant
	MONITORING					CAFI - PMU / Fin Institutions / Consultant
Output 2: Farmers have access to inputs	2.1 Development of seasonal input masterplan - (crop, ha, input requirements per ha, total volume)					Incubator to be sourced by CAFI - PMU

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by quarter Year 1				RESPONSIBLE PARTY
		Q1	Q2	Q3	Q4	
	2.2 Central procurement of inputs (Est 30 ha per annum +maintenance) - loan funding					Incubator - CAFI - PMU plus financing partners
	2.3 Distribution of inputs to participants					Incubator
	2.4 Administration of input pool					Incubator
	MONITORING					Incubator
Output 3: Farmers have access to productive machinery & equipment	3.1 Make an assessment of appropriate mechanical (machinery & implements) requirements for deciduous fruit and vegetable production					Incubator
	3.2 Quotations					Incubator
	3.3 Procurement					Incubator
	3.4 Purchase maintenance equipment for mechanisation pool					Incubator
	3.4 Maintenance of machinery pool					Incubator
	3.5 Management and administration of machinery pool					Incubator
	MONITORING					CAFI - PMU / Consultant
Output 4:Farmer have access to technical training	4.1 Awareness raising seminars to introduce the to be established Horticultural Incubation Hub & Training Centre					CAFI - PMU / Incubator
	4.2 EOI of a long list of potential farmers to be trained and incubated					Incubator
	4.3 Use eligibility criteria to produce and finalise a short-list of candidates to be incubated (emphasis on women, youth and disabled)					CAFI - PMU / Incubator
	4.1 Final costing assessment for repairs and upgrading of the National University of Lesotho facility at Mahobong - the recommended site for the Lesotho Horticultural Incubation Hub & training centre (CAPEX)					CAFI - PMU / Incubator
	4.2 Procurement of training equipment (furniture, laptops, monitors, multi-media projectors, internet connectivity, other moveable's)					Incubator
	4.3 Assessment of training requirements - needs					Incubator
	4.4 Develop a training master plan					Incubator

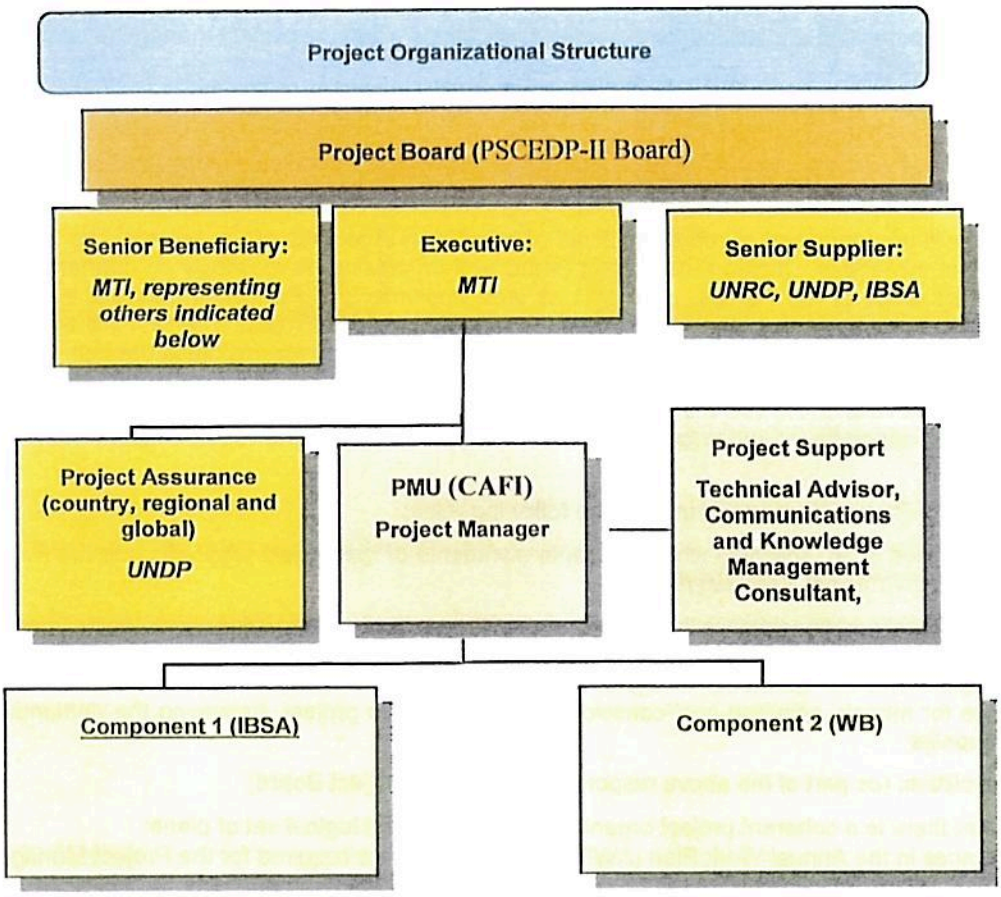
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by quarter Year 1				RESPONSIBLE PARTY
		Q1	Q2	Q3	Q4	
	4.5 Develop or obtain existing training material					Incubator / Training partners
	4.6 Develop training implementation schedule					Incubator
	4.7 Identify and appoint appropriate trainers - procurement					Incubator
	4.8 Training based on master plan and schedule					Incubator / Training partners
	MONITORING					CAFI - PMU / Incubator
Output 5: Farmer have access to markets (fresh & processed).	5.1 Approach potential marketing outlets (wholesalers / retailers, processors) and obtain letter of intent (including quality, volume, compliance requirements, estimated price) to purchase estimated volumes (based on annual production master plan)					Incubator
	5.2 Present consolidated market take-off intention to farmers and obtain opt-in agreements from farmers (no side-selling)					Incubator
	5.3 Align production master plan to markets (increase / decrease areas)					Incubator
	5.4 Communicate final production volumes to market outlets and agree on growing programs					Incubator
	5.4 Logistics plan to collect, pack and transport product to market (including administration of deliveries, deductions for services and levies and net pay out to farmers)					Incubator
	5.5 Administration of sales and collection of payments					Incubator
	MONITORING					CAFI - PMU / Incubator
Output 6:Farmers form associations and Primary cooperatives	6.1 Encourage small farmers to make land available (allocate some of their land) to form pockets for development and to organise themselves in primary coops					CAFI - PMU / Lesotho National Farmers Union / Incubator
	6.2 Assist farmers to register coops and to develop shareholders agreements / constitution					Incubator
	6.3 Training of farmers on the basic elements of operating a sustainable primary cooperative					Incubator / Consultant

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by quarter Year 1				RESPONSIBLE PARTY
		Q1	Q2	Q3	Q4	
	6.4 Establish a cooperative assistance desk to continuously support coops to address challenges and to unlock opportunities					Incubator
	MONITORING					CAFI - PMU / Incubator
Output 7: Farmers form effective linkages with secondary cooperatives	7.1 Encourage primary coops to become members of the secondary coop					CAFI - PMU / Lesotho National Farmers Union / Incubator
	7.2 Registration of secondary coop and appointment of board members					Incubator
	7.3 Develop a clear mandate and strategy with key focus areas and activities					Incubator
	7.3 Training of board members on their roles and responsibilities					Incubator / Consultant
	7.4 Develop a financial model for funding the secondary coop - base for member contributions, external funding etc.					Incubator / Consultant
	MONITORING					CAFI - PMU / Incubator
Evaluation *(as relevant)*	EVALUATION					Independent consultant
General Management Support						UNDP

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project "*Alleviating Poverty through Expansion of Deciduous Fruit Production in Lesotho*" will be implemented as part of the wider World Bank supported project "*Lesotho Private Sector Competitiveness and Financial Inclusion Project(CAFI-II)*" with oversight and governance support from CAFI-II project board/steering committee as reflected below and with UNDP technical support in managing IBSA funding.The IBSA funds will be channelled through its **Implementing Agency** (IA) – **UNDP** – for the agreed programme of work, as reflected in the signed Project Document. Under this arrangement, UNDP remains accountable to the IBSA for overall project delivery, and is responsible for providing high-level oversight, technical and logistical support to the project's **Implementing Partner (IP)**; the Ministry of Trade and Industry (MTI).

The **Implementing Partner (IP)** for this project is the Ministry of Trade and Industry of Lesotho. The Implementing Partner is responsible and accountable for managing this project, including the monitoring and evaluation of project interventions, achieving project outcomes for the effective use of any IBSA resources received via UNDP in accordance with UNSDG Harmonized Approaches to Cash Transfers (HACT) methodology, processes and templates and following satisfaction of required capacity assessments. If significant risks in Fixed Asset and Inventory Management persists, applicable mitigation measures, including UNDP direct implementation of impacted/applicable components will be put in place. The **Implementing Partner** assumes overall responsibility for day-to-day implementation or execution of the project, in accordance with the project's agreed Strategic Results Framework (SRF) and budget. The Implementing Partner is also responsible for: Approving and signing the multiyear workplan; Approving and signing the combined delivery report at the end of the year; Signing the financial report or the funding authorization and certificate of expenditures.



Project Board: The Project Board (also called Project Steering Committee) is responsible for making by consensus, management decisions when guidance is required by the Project Manager, including recommendations for UNDP/Implementing Partner approval of project plans and revisions, and addressing any project level grievances. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition. In case a consensus cannot be reached within the Board regarding IBSA funded project component, final decision shall rest with the UNDP Resident Representative.

Specific responsibilities of the Project Board include:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the project manager;
- Provide guidance on new project risks, and agree on possible countermeasures and management actions to address specific risks;
- Agree on project manager's tolerances as required;
- Review the project progress, and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Appraise the annual project implementation report, including the quality assessment rating report; make recommendations for the workplan;

- Provide ad hoc direction and advice for exceptional situations when the project manager's tolerances are exceeded; and
- Assess and decide to proceed on project changes through appropriate revisions.

The Project Board will be composed of representatives of beneficiary Agencies of the project. The MTI will represent the project ownership, Chairing the Project Board and organizing its meetings on quarterly basis and upon request of either of the Parties. The MTI as lead Implementing Partner is also the institution responsible, within the government, for following up on the activities for this Project. The MTI will appoint a National Project Director (NPD) who will be a senior staff member and will be responsible at the highest level for providing guidance on the technical feasibility of the project and ensuring its implementation leads to the achievement of project's results. He/she will represent the MTI on the Project Board. In addition, the Project Board will approve the appointment and responsibilities of a Project Manager who will be responsible for the daily project execution.

The composition of the Project Board must include the following roles:

Executive: The Executive is an individual who represents ownership of the project who will chair the Project Board. The Executive is Principal Secretary/MTI.

The Executive is ultimately responsible for the project, supported by Senior Beneficiary and Senior Supplier. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its objectives and delivering outputs that will contribute to higher-level outcomes. The Executive has to ensure that the project gives value for money, ensuring cost-conscious approach to the project, balancing the demands of beneficiary and supplier.

Specific Responsibilities: (as part of the above responsibilities for the Project Board)

- Ensure that there is a coherent project organization structure and logical set of plans;
- Set tolerances in the Annual Work Plan (AWP) and other plans as required for the Project Manager;
- Monitor and control the progress of the project at a strategic level;
- Ensure that risks are being tracked and mitigated as effectively as possible;
- Brief relevant stakeholders about project progress;
- Organize and chair Project Board meetings.

Senior Supplier: The Senior Supplier is an individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project (designing, developing, facilitating, procuring, implementing). The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. The Senior Supplier role must have the authority to commit or acquire supplier resources required. If necessary, more than one person may be required for this role. Typically, the implementing partner, UNDP and/or partners(s), would be represented under this role. The Senior Supplier is: UNDP. A local IBSA Representative also represents this Senior Supplier role.

Specific Responsibilities (as part of the above responsibilities for the Project Board):

- Make sure that progress towards the outputs remains consistent from the supplier perspective;
- Promote and maintain focus on the expected project output(s) from the point of view of supplier management;
- Ensure that the supplier resources required for the project are made available;
- Contribute supplier opinions on Project Board decisions on whether to implement recommendations on proposed changes;
- Arbitrate on, and ensure resolution of, any supplier priority or resource conflicts.

Senior Beneficiary: The Senior Beneficiary is an individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. The Senior Beneficiary role is held by a representative of the government or civil society. The Senior Beneficiary in this project will be a duly nominated representative of MTI, who shall represent the interests of all beneficiaries and stakeholders which may include amongst others:

- Lesotho National Development Corporation (LNDC)
- Land Administration Authority (LAA)
- Basotho Enterprises Development Corporation (BEDCO)
- National University of Lesotho (NUL)
- University of Stellenbosch in South Africa
- Lesotho Millennium Development Agency (LMDA)
- Lesotho National Farmers Union (LENAFU)
- Smallholder Agriculture Development Project II
- Agricultural Productivity Program for Southern Africa (APPSA)
- Ministry of Forestry and Land Reclamation
- Ministry of Agriculture and Food Security
- Ministry of Finance
- Ministry of Development Planning

The Senior Beneficiary is responsible for validating the needs and for monitoring that the solution will meet those needs within the constraints of the project. The Senior Beneficiary role monitors progress against targets and quality criteria. This role may require more than one person to cover all the beneficiary interests. For the sake of effectiveness, the role should not be split between too many people.

Specific Responsibilities (as part of the above responsibilities for the Project Board)

- Prioritize and contribute beneficiaries' opinions on Project Board decisions on whether to implement recommendations on proposed changes;
- Specification of the Beneficiary's needs is accurate, complete and unambiguous;
- Implementation of activities at all stages is monitored to ensure that they will meet the beneficiary's needs and are progressing towards that target;
- Impact of potential changes is evaluated from the beneficiary point of view;
- Risks to the beneficiaries are frequently monitored.

Project Manager: The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

The Implementing Partner appoints the Project Manager, who should be different from the Implementing Partner's representative in the Project Board.

Specific responsibilities include:

- Provide direction and guidance to project team(s)/ responsible party (ies);
- Liaise with the Project Board to assure the overall direction and integrity of the project;
- Identify and obtain any support and advice required for the management, planning and control of the project;
- Responsible for project administration;
- Plan the activities of the project and monitor progress against the project results framework and the approved annual workplan;
- Mobilize personnel, goods and services, training and micro-capital grants to initiative activities, including drafting terms of reference and work specifications, and overseeing all contractors' work;
- Monitor events as determined in the project monitoring schedule plan/timetable, and update the plan as required;
- Manage requests for the provision of financial resources by MTI, through advance of funds, direct payments or reimbursement using the fund authorization and certificate of expenditures;
- Monitor financial resources and accounting to ensure the accuracy and reliability of financial reports;
- Be responsible for preparing and submitting financial reports to UNDP on a quarterly basis;
- Manage and monitor the project risks initially identified and submit new risks to the project board for consideration and decision on possible actions if required; update the status of these risks by maintaining the project risks log;
- Capture lessons learned during project implementation;
- Prepare the annual workplan for the following year;
- Based on the Project Board review, prepare the AWP for the following year.
- Ensure the mid-term review process is undertaken as per the UNDP guidance, and submit the final MTR report to the Project Board.
- Identify follow-on actions and submit them for consideration to the Project Board;
- Ensure the terminal evaluation (TE) process is undertaken as per the UNDP guidance, and submit the final TE report to the Project Board.

Project Assurance: UNDP provides oversight and quality assurance role – funded by the IBSA administrative fee – involving UNDP staff in Country Offices and at regional and headquarters levels. Project Assurance must be totally independent of the Project Management function. The quality assurance role supports the Project Board and Project Management Unit by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. The Project Board cannot delegate any of its quality assurance responsibilities to the Project Manager. This project oversight and quality assurance role is covered by the IBSA funds.

VIII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on 22 March 1990. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by Ministry of Trade and Industry ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

IX. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

4. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

8. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

9. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

10. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality. Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

11. UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document. Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

    Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

12. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than

those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

13. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

14. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

X. ANNEXES

1. **Project Quality Assurance Report**

   To be advanced concurrent to IBSA Fund Board review

2. **Social and Environmental Screening Template** [English][French][Spanish], including additional Social and Environmental Assessments or Management Plans as relevant.
   (NOTE: The SES Screening is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences, partnership coordination and management of networks, or global/regional projects with no country level activities).

   Not applicable to this application

3. **Risk Analysis.** Use the standard Risk Log template. Please refer to the Deliverable Description of the Risk Log for instructions

OFFLINE RISK LOG

(see Deliverable Description for the Risk Log regarding its purpose and use)

Project Title: Alleviating Poverty through Expansion of Deciduous Fruit Production in Lesotho	**Award ID:**	**Date: 1 July 2020**

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Not enough farmers opting into the program	July 2022	Operational and strategic	P = 2 I = 5	Efficient marketing of the initiative through a number of partners – Farmers Union, Department of Agriculture, Popular Press and using eligibility criteria to prioritise vulnerable groups	CAFI - PMU / Incubator	Not applicable yet	July 2022	No change
2	Without Succession Plan-Women and youth targets for	July 2022	Strategic	P = 3 I = 2	Awareness raising about the importance of succession planning	Incubator	Not applicable yet	July 2022	No change

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
	beneficiaries will not be achieved				and assistance with planning				
3	Loan funding repayment by farmers	July 2022	Financial	P=3 I = 5	Development of a policy to manage default on loans to be agreed on by the farmers to reduce this risk	Incubator and financial institutions	Not applicable yet	July 2022	No change
4	Self Generated income	July 2022	Financial	P = 2 I = 2	Incubator to charge levies on the value of products sold to cover the cost (not covered by grants or other funds) of all services provided	Incubator	Not applicable yet	July 2022	No change
5	Obtaining growing Programme from markets	July 2022	Operational and financial	P = 1 I = 5	Incubator to assign dedicated marketing manager to negotiate and to plan growing programmes	Incubator	Not applicable yet	July 2022	No change
6	Low production yields and quality	July 2022	Operational and financial	P = 2 I = 5	Continuous communication to farmers on specs and quality on all levels-packhouse/extension officials and in all forums and training manuals	Incubators and MoAFS	Not applicable yet	July 2022	No change

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
7	Delayed transport on secondary roads during the rainy season	July 2022	Operational	P = 3 I = 3	GoL in the medium term to upgrade secondary roads from farms to main roads	GoL	Not applicable yet	July 2022	No change
8	Packhouse Productivity	July 2022	Operational	P = 1 I = 4	Not a immediate threat since Lesotho will pack most of its fruit at Maluti Fruit Packers in the Free State (very reputable packhouse). However, as volumes increase, need for Lesotho packhouse and risk of low productivity especially during start up.	Incubator and Maluti Fruit Packers	Not applicable yet	July 2022	No change
9	Reliable irrigation water supplies	July 2022	Environmental	P = 2 I = 5	Validation of irrigation water supplies in during beneficiary selection and using climate smart water use efficient irrigation technologies	Incubator	Not applicable yet	July 2022	No change
10	Global Gap Certification-Farmers	July 2022	Environmental	P = 3 I = 4	Incubation centre to ensure that farmers make provision for ablution and chemical and fertilizer storage	Incubators and farmers	Not applicable yet	July 2022	No change

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
					containers in their business plan (currently a key obstacle for accreditation)				
11	Access to mechanization	July 2022	Operational	P = 2 I = 4	Proper planning off mechanization pool based on needs assessment per farming unit and timing	Incubation centre mechanisation pool manager	Not applicable yet	July 2022	No change
12	Procurement delay of inputs	July 2022	Operational	P = 2 I = 4	Seasonal development of a production masterplan (based on growing programme) and procuring inputs accordingly and distribute timely	Incubator	Not applicable yet	July 2022	No change
13	Inadequate OPEX budgeting by farmers	July 2022	Financial	P=3 I = 4	Credit application by farmers to be done in time to be processed by the Incubator and financial institutions	Farmers and Incubator	Not applicable yet	July 2022	No change
14	Inability of farmers to effectively cooperate (infighting)	July 2022	Institutional	P = 3 I = 3	Proper processes followed in the establishment of primary and secondary coops	Incubator	Not applicable yet	July 2022	No change

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
					and training of board members				
15	Failure of incubator to perform on contract	July 2022	Institutional	P = 2 I = 5	Stringent process and due diligence in the appointment of the Incubator – regular reporting, monitor & evaluation	CAFI - PMU / Incubator	Not applicable yet	July 2022	No change

4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

HACT assessment for the Ministry of Trade and Industry (MTI) was conducted in 2019 and overall risk was rated moderate. However, Fixed assets and inventory management was rated significant. Therefore, the HACT micro-assessment for MTI will be conduct again ahead of project implementation to complement the World Bank capacity assessment conducted on the current PSCFISP-II PMU.

5. **Project Board Terms of Reference and TORs of key management positions**

The Project Board: The Project Board will consist of members representing the agencies responsible for the project implementation. These will be principal secretaries and Chief Executive officers from project implementing Agencies as well as farmers representatives. The Board shall meet quarterly to monitor the implementation progress and help to resolve technical issues that may arise during implementation of the project. The meetings will be convened by the Project manager and chaired by the Principal Secretary of MTI. The role of the Board will be to (i) provide strategic guidance and oversight for the project; (ii) approve work plans and budgets; (iii) review progress reports prepared by the project Manager; (iv) proactively address any major problems affecting project implementation and (v) review reports including the audit, mid-term review and implementation completion report.

Project Management Unit (PMU): The board will delegate day-to-day running of the project to the Project Manager who will head a small PMU. The Project Manager will be responsible for (i) overall day-today management of the project, including coordination of procurement, financial management and M&E; (ii) coordination with all the executing agencies responsible for implementation of the project including UNDP.

Lesotho Horticultural Incubator & training centre

The organisational structure refers to the incubator's overall set-up, such as various work divisions, ownership and management structures, as well as staffing. The Lesotho Horticultural Incubator can for example be a Section 21 company (non-profit-organisation), owned primarily by key supply chain companies and overseen by a board of directors made up of representatives from contributing organisations. Other potential supply chain companies, both governmental and private can also be included in the board of directors based on their level of support.

The employment structure can be categorised into different management structures pertaining to the various activities of the incubator. The diagram below illustrates the typical management divisions of an incubator as well as the respective divisional responsibilities.

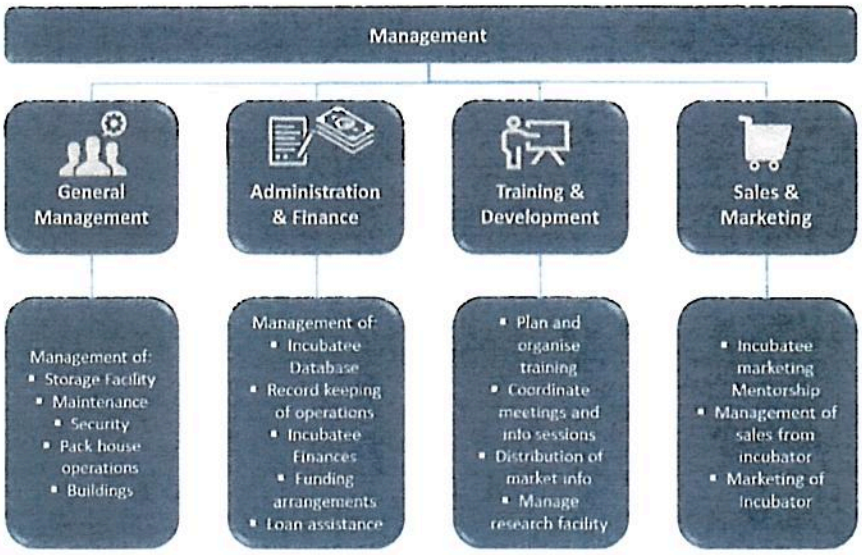


Figure 7: Incubator Management Divisions

A expression of interest for potential incubators has been drafted and will soon be advertised on a number of platforms.