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Sustainable and Inclusive Economic Growth Project

2019 Annual Workplan

United Nations Development Programme (UNDP)

Kingdom of Lesotho

United Nations Development Programme
Project Document

Project Title:	Sustainable and Inclusive Economic Growth
NSDP Pillar(s):	<i>Support inclusive and sustainable growth and private sector – led job creation.</i>
UNDAF/CPD Outcome(s):	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 persons with disabilities
Expected Output(s):	<p>Output 1. National and local level institutions have enhanced technical capacities to coordinate and facilitate effective planning, implementation, analysis and national reporting on the Sustainable Development Goals using innovative and data driven-solutions</p> <p>Output 2. Capacities of government institutions and private sector improved to create competitive and gender-sensitive business environment and enable effective economic participation of MSMEs</p> <p>Output 3. Capacities of national public and private sector institutions strengthened to promote enterprises development</p>
Executing Entity:	UNDP Lesotho
Implementing Partner	Ministry of Development Planning
Responsible Parties	Ministry of Development Planning, Ministry of Finance, Ministry of Trade and Industry, Ministry of Small Business, Cooperatives and Marketing, Ministry of Gender and Youth, Sports and Recreation, Ministry of Communications and Technology
Implementation Period:	2019 - 2023

Brief Description

Lesotho has developed a National Strategic Development Plan (NSDP) II (2018/19 – 2022/23), aimed at transforming Lesotho's economic structure to be more private -sector led for creating employment and achieving sustainable and inclusive growth. The country is categorized as a lower middle-income country, with per capita income estimated at USD1, 425. Lesotho's economic structure is characterized by a narrow and undiversified private sector, with government spending accounting for more than 60 percent of GDP.

While Lesotho's performance in gender equality and women empowerment is positive, its ranking on the Global Gender Gap index has dropped 2018, due to widening gaps in political, economic and labor participation of women. According to the NSDP I review, challenges relating to availability of data and lack of frameworks for monitoring and evaluation, prevented a full evaluation of the results attained in the implementation of this programme, including the MDGs. Further, lack of coordination mechanisms for planning and to monitor implementation compromise programme investments, resulting in policy overlaps and conflict.

The Sustainable and Inclusive Economic Growth Project is an anchor for catalytic initiatives to achieving the key objectives of the Sustainable and Inclusive Economic Growth portfolio, being:

- i) Livelihoods development and economic diversification
- ii) Data, research and evidence for policy

This programme implementation is expected to translate into improved inclusive development indicators, increased employment opportunities and jobs, and government effectiveness. Both the public and private sector stakeholders are expected to actively participate in the planning, implementation, monitoring and evaluation of national development agenda for attainment of national priorities and mutual accountability to results

I. BACKGROUND

Lesotho has developed a National Strategic Development Plan (NSDP) II, aimed at transforming Lesotho's economic structure to be more private -sector led for creating employment and achieving sustainable and inclusive growth. The country is categorized as a lower middle-income country, with per capita income estimated at USD1,270. Following a decade of average GDP growth rate of 4.5%, economic performance has decelerated to average 1.5% per annum, but it is expected to recover modestly due to activities in the construction, Lesotho Highlands Water Project and mining. Despite high growth rates, Lesotho is classified among the low human development countries at HDI 0.497 and ranking 159 out of 189 countries, with more than 50% of the people of Lesotho are living below the poverty line. Unemployment is estimated at almost 33%, with youth and women mostly affected. Youth make 40% of the Lesotho population of 2 million people.

Lesotho's economic structure is characterized by a narrow and undiversified private sector, with government spending accounting for more than 60 percent of GDP. Although Lesotho's ranking on the Doing Business Index improved considerably since 2012, (from 162 to 106/189 countries), the ranking on the Global Competitiveness slipped from 126th to 130th (out of 140 countries) due to declining political environment and unpredictable policy and institutional frameworks. Although Lesotho's ranking on the Doing Business Index improved considerably since 2012, (from 162 to 106/189 countries), the ranking on the Global Competitiveness has slipped from 126th to 130th (out of 140 countries) due to declining political environment and unpredictable policy and institutional frameworks. The major economic drivers are manufacturing, mining, water and mining industries.

Limited innovations capability, market dynamism, poor infrastructure and skills mismatch, are attributed to low economic performance and competitiveness. SMME make almost 70% of the private sector, with the majority operating informally. NSDP II has identified four sectors as economic drivers to attaining economic growth and improved private sector investments in the medium term, being manufacturing, agriculture, tourism, technology and creative industries and improve private sector investment.

Lesotho's reflected a mixed performance on the MDGs, with poverty and health related goals. Challenges relating to availability of data and lack of frameworks for monitoring and evaluation, prevented a full evaluation of the National Strategic Development Plan (NSDP) I and the national performance on the MDGs. Research shows that there is limited capacity to generate, collect and analyse data and evidence to inform policy planning and implementation. As a result, Lesotho is ranked 51 out of 54 countries, on the Africa SDGs Index, on data capabilities to report to the SDGs, and of the 156 selected national indicators, only 33% have up to date data.

II. STRATEGY

Through this Portfolio, UNDP will strengthen capacities of private and public sector stakeholders to create decent and sustainable jobs, promote economic diversity, facilitate increased economic participation using innovative and technological interventions, collaborative and informative stakeholder policy -shaping platforms and technical support and development. UNDP will catalyse innovations, build on South-South and Triangular Co-operation and adopt best practices from within UNDP and other partners to ensure programme delivery and technical support. In line with the principle of leaving no one behind, the Programme will mainstream mechanisms for data collection,

collation and analysis to facilitate evidence-informed planning, decisions and policy, as well as promote accountability for results.

The Sustainable and Inclusive Economic Growth Programme is delivered through two portfolios:

- (i) Livelihoods development and economic diversification aimed at establishing the foundation blocks to support the government strategy for private sector led economic growth and employment creation, and to create environment for inclusive development.
- (ii) Data, research and evidence for policy aimed at building the national capacities for evidence-based policy-making, analysis, planning, monitoring and reporting by facilitating the availability of disaggregated data and statistics to enable national accounting to SDGs and NSDP II targets.

Therefore, the Sustainable and Inclusive Economic Growth Project is an anchor project for catalytic initiatives promoting Livelihoods development and economic diversification, as described in the Programme Portfolio document.

III. HIGHLIGHTS OF 2019 WORKPLAN

In context of the above, in 2019 the programme will continue with implementation of activities carried over from the 2013 – 2018 Country Programme Cycle, to ensure delivery of projects outputs and document results; the programme will also initiate implementation of new project as well as pilot activities for learning and resources mobilisation.

Specifically, the programme will support implementation of the following projects and activities:

1. **Access to Finance.** The SIEG project will support to ongoing activities of the Lesotho Scaling Inclusion through Mobile Money (Lesotho SIMM), which is a project implemented in partnership with the Ministry of Finance and Fin Mark Trust. The Lesotho SIMM was commenced in 2016 and will end in June 2019. It is aimed at accelerating inclusive finance by promoting development of inclusive business ecosystems for use and adoption of mobile money and increased access to formal financial services. Project document and workplan are attached as Annex 1.
2. **Gender Equity and Women's Empowerment.** This is a catalytic activity aimed at supporting the Ministry of Gender and Youth in setting foundations for implementation of the Gender and Development Policy, through development of the Implementation Plan and the required institutional framework. It is funded by UNDP and UNFPA. Concept Note on this is attached as Annex 2.
3. **Support to Development of the SMMEs.** This is continuation of activities supported under the Integrated Economic Development Project (closed in December 2018). In 2019, the planned activities will focus on drawing lessons and identifying immediate interventions necessary to facilitate SMME development and their integration in the national economic development agenda. Concept Note attached as Annex 3.
4. **SDGs, Planning and Development.** This is a catalytic project aimed at supporting the Government of Lesotho to establish mechanism for implementation, coordination and reporting for the NSDP and SDGs. It will be funded by UNDP. Concept Note and workplan is attached as Annex 4.

5. **UNDP Country Accelerator Labs.** This a new initiative embedded within UNDP's global architecture and country platforms to accelerate development impact. The Accelerator Labs will discover and reinforce locally sourced solutions at scale while mobilizing a wide and dynamic partnership of actors contributing knowledge, resources and experience. The #Acclab is expected to take advantage of the UNDP networks and expertise and help transform approaches to development by introducing new protocols, backed by evidence and practice, which accelerate the testing and dissemination of solutions at country level. The project is funded by UNDP and will be implemented in collaboration with the Ministry of Development Planning and will be implemented in a 3-year pilot, from 2019 – 2021. Concept Note and detailed workplan is attached as Annex 5.

IV. BUDGET SUMMARY

The project will be funded thus:

Project Name and project #	Main activities	Responsible Partner	Funded by	Total	TRAC (Proposed)	Donor/s
Portfolio 1. Livelihoods Development and Economic Diversification				606,992	221,700	385,292
Sustainable and Inclusive Economic Growth Project	1. Gender Equity and Women's Empowerment (2019)	Ministry of Gender and Youth	UNDP	42,000	42,000	0
	2. Support to Development of SMMEs in Lesotho (2019)	Ministry of Small Business Development	UNDP	10,000	10,000	0
	3. Lesotho SIMM (2016 - 2019)	Ministry of Finance	UNDP	51,200	25,700	25,500
	4. SDGs and NSDP Planning and Development (2019)	Ministry of Development Planning	UNDP	118,000	15,000	103,000
	5. Accelerator Labs (2019 - 21)	Ministry of Development Planning	UNDP	250,792	0	250,792
	6. Project Management and administration			135,000	129,000	6,000

V. ANNUAL WORKPLAN AND BUDGET

Related CPD Outputs and related activity results	PLANNED ACTIVITIES	TIMEFRAME				Implementing Partner	Funding Source	Budget Description	Total Amount (USD)	TRAC	PLANNED BUDGET	
		Q1	Q2	Q3	Q4							Donor
	1. Access to Finance (Lesotho SIMM)							51,200	25,700		25,500	
	1.1. Product Development - A							8,200	1,200		7,000	
	A - 2.1.2: Identify government departments willing to pilot P2G (People-to-government) and G2P (Government-to-people) transactions											
	A - 2.1.2: Identify and Partner with government departments to pilot P2G transactions	x										
	2.1.2.1. Coordination, networking, meetings, partnership agreements to pilot P2G transactions	x	x			MoF	MoF				2,000	
	A - 4.1.2: Design and develop new mobile money products that meet the needs of different stakeholder groups					MoF	UNDP					
	A-4.1.2.1 Integrate with Mpesa and Ecocash platforms for new products (hackathon support)	x	x			MoF	UNDP CO		1,200		5,000	
	1.2. Policy and incentives										2,000	
								2,000	-		2,000	

Related CPD Outputs and related activity results	PLANNED ACTIVITIES	TIMEFRAME				Implementing Partner	PLANNED BUDGET				
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Total Amount (USD)	TRAC	Donor
	B - 5.1.1: Develop and establish consumer protection standards and principles for mobile financial services	x	x			MoF	Incorporation of Mobile Money user protection into the consumer protection bill				
	B-2.1.2 Establish requirements for KYC (Know your customer) for low income accounts and mobile connections	x	x			MoF / FMT	Engage with MoH, establish a 1-year pilot with banks and MNOs. Hold stakeholder meetings to discuss MOU between MoH and Service Providers	2,000		2,000	
	1.3. Financial Education										
	C-1.1.3 Facilitate integration of mobile money content from financial education program in the financial education school curriculum	x				FESC	participate in Money Month initiatives, radio programs, TV advert, local travel				
	1.4. Capacity Building of Agents and Merchants										
	D - 1.1.4: Support identified merchants in identified geographical areas or market segments to accept mobile money as a regular means of payment	x	x			FMT	hold meetings with MNOs on data reporting, undertake a survey of the	6,000		6,000	6,000

Related CPD Outputs and related activity results	PLANNED ACTIVITIES	TIMEFRAME				Implementing Partner	PLANNED BUDGET						
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Total Amount (USD)	TRAC	Donor		
	1.5. Project Management												
	1.5.1. Meetings	x	x			UNDP CO	pilot focused on participants and the merchants	35,000	24,500	10,500			
	1.5.2. Platform Communication tools	x	x			UNDP RSC	Technical team meetings x 6, Website support x 3 months	500	500				500
	1.5.3. Salaries	x	x					18,000	18,000				
	1.6. Project monitoring and evaluation												
	1.6.1. Compilation of success stories and results of the project; documenting lessons learnt, printing, video production about project	x	x				Editing, design and print (500 copies)	10,000	3,000	7,000			
	1.6.2. Platform meeting and demo day	x	x				1 - day meeting for 100 people, meals, venue	6,000	3,000	3,000			
	4. UNDP Accelerator Labs (Staff Costs and programme costs)					UNDP/MDP		250,792		250,792			250,792
	2. Gender Equity and Women Empowerment					MGYSR		42,000	42,000				
Output 1. Capacities of government institutions, private sector improved to create competitive and gender sensitive business	2.1. Development of the Implementation Plan for the Gender and Development Policy		x			UNDP, UNFPA	30-day consultancy @\$500/day, flight, DSA, meetings	20,000	20,000				20,000

Related CPD Outputs and related activity results	PLANNED ACTIVITIES	TIMEFRAME				Implementing Partner	PLANNED BUDGET				
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Total Amount (USD)	TRAC	Donor
environment and enable effective economic participation of SMMEs	2.2. Policy simplification and translation		x	x		UNDP	20-day consultancy, design and translation @\$350	8,000	8,000		
	2.3. Printing of policy (summary) and action plan		x	x		UNDP	Print 500 copies of summary and action plan @\$10	8,000	8,000		
	2.4. Scoping of youth and women's innovations		x			UNDP	media and social media campaign	6,000	6,000		
	2.5. Publication of Youth and Women's Innovations (brochures and newspaper inserts)			x	x	UNDP	newspaper publication (1-week)				
	3. Support to Development of SMMEs					MSBD			10,000		
	3.1. Finalisation of the Legal Framework for SMMEs					UNDP	Payment to Consultants	10,000	10,000		
	5. SDGs and NSDP, Planning and Reporting					MDP		118,000	15,000	103,000	
Output 3: National and local level institutions have enhanced technical capacities to coordinate and facilitate effective planning, implementation, analysis and national reporting on the Sustainable Development Goals using innovative and	5.1. Policy Mapping (Rapid Integrated Assessment of policy space)		x	x		UNDP	20-day consultancy, meetings,	15,000	15,000		
	5.2. Reprioritisation of the SDGs for Lesotho			x		UNDP	workshops	3,000		3,000	

Related CPD Outputs and related activity results	PLANNED ACTIVITIES	TIMEFRAME				Implementing Partner	PLANNED BUDGET								
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Total Amount (USD)	TRAC	Donor				
data driven-solutions															
<i>Activity Results 3.3. Support SDGs implementation and reporting</i>	5.3. Development of Voluntary National Review Report 2019		x							UNDP	Consultancy, workshops, conference	100,000		100,000	
	5. Programme Management														
	5.1. Staff costs	x	x	x	x					UNDP		135,000	129,000	6,000	
	5.2. GMS and Direct Project Costing (25%)	x	x	x	x					UNDP		73,000	67,000	6,000	
	5.3. Training	x	x	x	x					UNDP		55,000	55,000		
	Total Budget											606,992	221,700	385,292	

VI. RESULTS FRAMEWORK

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:

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 persons with disabilities

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

2.1. Average annual earnings of female and male employees *Baseline:* Men \$288 Women \$208 (2008) *Target:* Men \$288; Women \$224

2.2. Proportion of working-age population that have employment in formal and informal sectors (access to decent work), by sex and age

Baseline: Total 44.1% (2008)

Age: 15-24: M:4.9%, W:2.2%

Age: 25-34: M:9.5%, W:6.1%

Age: 35-64: M:12.1%, W:9.3%

Target: Total 50.6%

Age: 15-24: M:5.9%, W:5.2%

Age: 25-34: M:10%, W:7.6%

Age: 35-64: M:12.1%, W:9.8

2..3. Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Baseline: 45.9%, *Target:* 40%

Applicable Output(s) from the UNDP Strategic Plan:

1.1.1 Capacities developed across the whole of government to integrate the 2030 Agenda, the Paris Agreement and other international agreements¹ in development plans and budgets, and to analyse progress towards the SDGs, using innovative and data-driven solutions

1.1.2 Marginalized groups, particularly the poor, women, and people with disabilities and displaced are empowered to gain universal access to basic services and financial and non-financial assets to build productive capacities and benefit from sustainable livelihoods and jobs

1.6.1 Country-led measures accelerated to advance gender equality and women's empowerment

Project title and Atlas Project Number:

¹ Includes Addis, Beijing, Istanbul, Quito, SAMOA and Sendai.

EXPECTED OUTPUTS	INDICATORS	DATA SOURCE	BASELINE		TARGETS	DATA COLLECTION METHODS & RISKS
			Value	Year		
<p>Output 2. Capacities of government institutions and private sector improved to create competitive and gender-sensitive business environment and enable effective economic participation of MSMEs</p> <p>Output 3. Capacities of national public and private sector institutions strengthened to promote inclusive enterprises development</p>	2.1. Number of gender-sensitive policies/legal frameworks promoting employment creation adopted and implemented	Ministry of Development Planning, Ministry of Gender and Youth, Sports and Recreation	2	2018	2	<p>Qualitative data methods: observations, case studies, reports</p> <p>Risks: <i>Limited capacity and awareness on gender equity and women's empowerment issues in lead institutions and ministries</i></p>
	3.1. Number of start-up enterprises in priority sectors (tourism, agriculture, manufacturing, ICT) (a) registered annually (disaggregated by age, sex of owner and sector); and (b) still in business two years after registration	Ministry of Trade and Industry,	tbc		2018	tbc
<p>Output 3: National and local level institutions have enhanced technical capacities to coordinate and facilitate effective planning, implementation, analysis and national reporting on the Sustainable Development Goals using innovative and data driven-solutions</p>	3.2. Percentage of MSMEs with access to formal financial services (disaggregated by age, sex of owner, and sector): (a) bank; (b) mobile money	Central Bank of Lesotho	48%	2015		<p>Surveys</p> <p>Risks: <i>time lag between the surveys, and lack of mechanisms to update information between the surveys periods</i></p>
	1.1. Extent to which development policies reflect international agreements across the whole-of-government: (a) 2030 Agenda for Sustainable Development (b) Paris Agreement (c) African Union Agenda 2063 (d) NSDP priorities	Ministry of Development Planning, Policy mapping report	(a) 1; (b) 0; c) 1		2018	a) 1 b) 0 c) 1

VII. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the programme will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners	Cost
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.	Ministry of Development Planning	0.00
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.	Ministry of Development Planning	
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.		0.00

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be managed by UNDP as part of the Programme on Sustainable and Inclusive Economic Growth, with oversight and governance support from the designated Programme Steering Committee.

The project will be implemented in collaboration with the Ministry of Gender and Youth, Sports and recreation, Ministry of Small Business Development, Ministry of Finance and Ministry of Development Planning, in respective project component. Project implementation will be overseen by the UNDP Programme Officer and becomes accountable to delivering all the project activities to required standards and within specified constraints of time and cost. As relevant and necessary, the project will engage project officers to support delivery of specific activities, working with responsible ministries.

