

PD-ABS-535

AGENCY FOR INTERNATIONAL DEVELOPMENT		PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number	DOCUMENT CODE 3
2. COUNTRY/ENTITY Lesotho			3. PROJECT NUMBER 632-0231		
4. BUREAU/OFFICE Africa Bureau <input type="checkbox"/> 06			5. PROJECT TITLE (maximum 40 characters) Small Scale Intensive Agriculture Production		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 06 30 97			7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY 92 B. Quarter 3 C. Final FY 95		

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	406		406	1,000		1,000
(Grant)	(406)		(406)	(1,000)		(1,000)
(Loan)						
Other U.S.						
1. Peace Corps	120		120	700		700
2.						
Host Country		52	52		370	370
Other Donor(s)						
TOTALS	526	52	578	1,700	370	2,070

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) DFA				0	0	406		1,000	
(2)									
(3)									
(4)									
TOTALS				0	0	406		1,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)							11. SECONDARY PURPOSE CODE	
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)								
A. Code								
B. Amount								

13. PROJECT PURPOSE (maximum 480 characters)

To increase the production of fruits and vegetables for home consumption and to improve nutrition

14. SCHEDULED EVALUATIONS					15. SOURCE/ORIGIN OF GOODS AND SERVICES						
Interim	MM	YY	MM	YY	Final	MM	YY	<input checked="" type="checkbox"/> 000	<input type="checkbox"/> 941	<input type="checkbox"/> Local	<input checked="" type="checkbox"/> Other (Specify) 935
1	06	09	06	09	4						

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

The provision of the payment verification policy regarding methods of implementation and financing, financial capacity of recipients, and adequacy of audit coverage have been adequately addressed in this document.

Rafael Zelaya
Rafael Zelaya, Controller

17. APPROVED BY	Signature <i>Jean-Ju Rette</i>			18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION 08/10/92		
	Title Acting Mission Director USAID/Lesotho					
			Date Signed MM DD YY 06/30/92			

PROJECT AUTHORIZATION

Cooperating Country: Lesotho

Project Title: Small Scale Intensive
Agriculture Production

Project Number: 632-023 ,

1. Pursuant to Section 496 of the Foreign Assistance Act of 1961, as amended, the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991 (applicable pursuant to the Continuing Resolution for FY 1992 under P.L. 102-266, amending P.L. 012-145, State 104070), and Africa Bureau Delegation of Authority (DOA) No. 55I, as amended, I hereby authorize the Small Scale Intensive Agriculture Production project (Project) for the Kingdom of Lesotho (Grantee), involving planned obligations of not to exceed One Million United States Dollars (\$1,000,000) in grant funds from the Development Fund for Africa (DFA), over a four-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. Except as A.I.D. may otherwise agree in writing, the planned life of the Project is five years from the date of initial obligation.

2. The Project goal is to improve household food security in remote mountain areas of Lesotho. The Project purpose is to increase the production of fruits and vegetables for home consumption and to improve nutrition. The Project will finance technical assistance, training, commodities, evaluations, and other goods, services and activities in support of Project objectives.

3. The Project Grant Agreement, which may be negotiated and executed by the officers to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, shall be subject to the following essential terms, conditions and covenants, together with such other terms, conditions and covenants as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Suppliers

The source and origin of commodities and the nationality of suppliers of commodities and services financed under the Project shall be in accordance with DOA 55I, Section 5F. Accordingly, commodities financed by A.I.D. under the Project shall have their source and origin in Lesotho, the United States or any other country included in A.I.D.

Geographic Code 935, except as A.I.D. may otherwise agree in writing. Except for ocean shipping or as A.I.D. may otherwise agree in writing, the suppliers of commodities or services shall have Lesotho, the United States or any other country included in A.I.D. Geographic Code 935 as their place of nationality. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on a flag vessel of the United States. Procurement of commodities and services shall be from the U.S. to the maximum practicable extent.

b. Conditions Precedent to Initial Disbursement

The Project Grant Agreement shall contain, in substance, the following conditions precedent to initial disbursement:

Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of any documentation pursuant to which any disbursement may be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.,

- (i) a written statement setting forth the names and titles of those persons in the Government of Lesotho who are authorized to sign Project documents and communications, together with a specimen signature of each such person specified in such statement; and
- (ii) an opinion of counsel acceptable to A.I.D. that the Project Grant Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms.

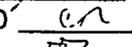
c. Covenants

The Project Grant Agreement shall contain, in substance, the following special covenants:

- (i) Counterpart Resources. The Grantee agrees to provide on a timely basis all counterpart personnel required for Project implementation. The Grantee will make available financial resources to support counterpart staff and other costs as specified in Annex 1 attached to the Project Grant Agreement; and

ii) Project Commodities. The Grantee agrees to retain vehicles and other commodities transferred from the LAPIS-funded Home Gardens Nutrition Program for use by the Project.


Jean DuRette
Acting Director
USAID/Lesotho
6/31/92
Date

Clearances: G. Wiitala, PDO  date 6/14/92
C. Reintsma, ADO  date 6/27/92
R. Zelaya, CONT  date 6/18/92

DRAFT:TRIEDLER:DLC:05/25/89:AUTHORIZ
REVISED:10/06/92

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List of Acronyms and Abbreviations

A.I.D.	Agency for International Development
APCD/A	Associated Peace Corps Director/Agriculture
BEO	Bureau Environmental Officer
CNO	Chief Nutrition Officer
CP	Conditions Precedent
CPSP	Country Program Strategic Plan
DFA	Development Fund for Africa
DAO	District Agricultural Officer, Ministry of Agriculture
DFS	Director of Field Services, Ministry of Agriculture
ERR	Economic Rate of Return
GNP	Gross National Product
GOL	Government of Lesotho
FAA	Foreign Assistance Act
FMO	Financial Management Officer
FSN	Foreign Service National
FY	Fiscal Year
HB	Hand Book
HGNP	Home Gardens Nutrition Program
IEE	Initial Environmental Examination
IFAD	International Fund for Agricultural Development
IRR	Internal Rate of Return
LAPIS	Lesotho Agricultural Production and Institutional Support Project
LISP	Local Initiatives Support Project
MOA	Ministry of Agriculture
M	Maloti
ND	Nutrition Division (MOA)
NA	Nutrition Assistant
NGO	Non-Governmental Organization
NPV	Net Present Value
PACD	Project Assistance Completion Date
PASA	Participating Agencies Service Agreement
PC	Peace Corps
PCV	Peace Corps Volunteer
PVO	Private Voluntary Organization
REDSO/ESA	USAID Regional Economic Development and Services Office for East and Southern Africa (Nairobi)
R&D/OIT	USAID Research and Development Office of International Training
RCO	Regional Contracting Officer
RSA	Republic of South Africa
SHEA	Senior Home Economics Assistant
SMS	Subject Matter Specialist
SNA	Senior Nutrition Assistant
SSIAP	Small Scale Intensive Agriculture Production Project
USAID	United States Agency for International Development
USCC	Unitarian Service Committee of Canada
VGL	Village Garden Leader
WFP	World Food Program

**Source Selection Information - - See FAR 3.104; Do not Disclose Annex D,
Sensitive Cost Information**

EXECUTIVE SUMMARY

**Small Scale Intensive Agriculture Production (SSIAP) Project
632-0231**

I. Project Rationale and Description

SSIAP addresses the problem of a declining domestic food base in Lesotho which has resulted in the need to import increasing quantities of food. The situation is more severe in the isolated mountain districts in the east of the country where conditions are more extreme, risks to agriculture higher, and the availability of imported food lower - especially highly perishable fruits and vegetables - because of transportation problems. One consequence is both seasonal and chronic dietary deficiencies as peoples' food purchases center on lower priced foods with high caloric content but low nutritional value. The highest rates of malnutrition in Lesotho are among children living in the mountains.

The goal of the project is to improve household food security in the remote mountain areas of Lesotho. The project's purpose is to increase the production of fruits and vegetables for home consumption and improve nutrition. SSIAP is a follow-on activity to the previous Home Gardens Nutrition Program (HGNP) under the current USAID-funded Lesotho Agricultural Production and Institutional Support Project (LAPIS). The HGNP has been implemented since 1989 by the Ministry of Agriculture's Nutrition Division (MOA/ND) with technical assistance from the Peace Corps.

SSIAP will build on the HGNP foundation, will be implemented through the same institutional framework (implementation by Ministry of Agriculture Nutrition Division with technical assistance from Peace Corps/Lesotho), and will be aimed at the same target group beneficiaries (villagers in remote mountain communities). SSIAP will expand the original geographic coverage and will place more emphasis on fruit production and water development.

This project has the potential for creating substantial impact at the village level. The objective of getting people to adopt a more intensive style of horticulture fits perfectly into the socio-cultural context of home gardening as an important part of the household economy and responds to a felt need for more and better food. Communities will be better organized to meet their gardening needs.

The general level of gardening skills will improve as farmers adopt improved growing techniques. There will be greater quantities and variety of fruits and vegetables available as more farmers participate in gardening, as both productivity and production increase and as farmers grow new varieties of crops. Increased consumption of fruits and vegetables will result in better household nutrition and more discretionary income, as families spend less on imported food.

The level of nutrition will also improve through increased availability of fruit and vegetables in the project areas and from project training demonstrations in cooking, food preservation and infant feeding.

II. Project Elements

The project will continue to replicate home gardens in the existing two districts and will expand to a third mountain district in the second year. Technical assistance, training, and commodities will be funded by the project. A four-person technical assistance (TA) team, consisting of expatriate and host country professionals, will assist the MOA/ND to replicate home gardens and train Village Garden Leaders (VGL). Peace Corps Volunteers working with counterpart Nutrition Assistants and Subject Matter Specialists (SMS) will form the field teams working at the village level.

III. Cost

Through a Participating Agency Services Agreement (PASA) with USAID, the Peace Corps will assist the Nutrition Division to implement the project. USAID, Government of Lesotho (GOL) and Peace Corps contributions to the project are expected to total US \$2.57 million over a five year life of project. USAID funds of \$ 1.5 million will be used to finance technical assistance, training, and on a cost sharing basis the construction of low-cost irrigation systems and other supporting infrastructure.

Peace Corps' contribution to the project will include an estimated 100 person-years of volunteers' services and living allowance, administrative and management oversight, and office space for administrative programming and accounting support to the project. The Ministry of Agriculture will provide specialized technical support and counterparts to project-funded advisors and the Peace Corps Volunteers residing in the field.

IV. Implementation

The Project Agreement will be signed with the GOL during the third quarter of FY-92. Technical assistance, training, and commodity procurement will be implemented through a PASA with the Peace Corps. PASA negotiations are scheduled for completion during the third quarter of FY-92. Upon signing of the PASA, HGNP activities will be transferred to SSIAP. The mid-term evaluation will be procured by a direct AID contract.

V. Analyses

In order to assess the viability and potential for sustainability of home gardens, analyses related to technical, financial, economic, social soundness and environmental considerations were carried out. The analyses found that:

- The technical assessment concluded that based on the experience with HGNP and the intent of SSIAP to replicate the same low-cost intensive home gardening model, the approach is technically sound.
- The benefit-cost ratio is 3.08, the internal rate of return is 15 percent and the Net Present Value at 8 percent is M3.0 million, which indicates that the project is favorable from a financial perspective.
- The economic analysis concluded that the Net Present Value of incremental project benefits is positive, the benefit/cost ratio is greater than one and the economic rate of return is high. The project is socially profitable, represents a sound investment of economic resources and will yield a favorable economic rate of return.
- Home gardening, both communal and individual, is an acceptable activity within the socio-cultural environment of Lesotho. There is a high level of participation by the targeted beneficiaries who are mainly rural women.
- The conclusion of the Initial Environmental Examination was a negative determination.

**Small Scale Intensive Agriculture Production Project (SSIAP)
632-0231**

I. PROJECT RATIONALE AND DESCRIPTION

A. Project Rationale

1. Country Situation

The Kingdom of Lesotho is a small mountainous country with an estimated population of 1.8 million. Two-thirds of the country consists of high mountains, the climate is temperate with well-marked seasons and the vegetation is predominately grasslands, with almost no natural forest. Internal transportation is difficult because of the mountains, numerous rivers, and poor quality secondary and tertiary roads. Internal transport costs in the mountains are high relative to other parts of Lesotho.

Over 60 percent of the country is open rangelands for which grazing is the main agricultural activity. Lesotho's limited amount of arable land (less than 13 percent) is fully occupied and any increase in output must come from increased productivity. A significant portion of the population, although still a minority, resides in the mountain districts. The majority of those living in the mountains practice small-holder livestock production and engage in limited crop production.

While there have been noticeable improvements in the quality of life for residents in the mountains over the past two decades, much of this can be attributed to the flow of cash from migrant labor working in the Republic of South Africa (RSA). As recent as five years ago, half of the families in Lesotho had at least one member working in the RSA and total wage remittances accounted for over half of the GNP. Migration of Basotho labor to South Africa for employment in the mines and other sectors has recently started to decline due to low world market prices for gold and other minerals and the economic recession in the RSA. Mine employment for Basotho had declined from 107,000 jobs in 1989 to about 85,000 in 1992. More reduction is anticipated which will further reduce remittances to many of the rural households.

South Africa is also Lesotho's principal trading partner and over ninety percent of Lesotho's imports, including a substantial amount of food, is imported from South Africa. Only staple food items (e.g. maize meal, sugar, edible oil) generally reach the remote mountain locations.

The quality of life has steadily improved for Basotho. Life expectancy has risen from 41.6 years in 1960 to 57.3 years in 1990 while the under-five mortality rate has dropped from 20.8 to 13.6 percent. Adult literacy and educational enrollment rates are among the highest in Africa. However, a high rate of population growth (2.7 percent annually for the period 1980-1988) will increase demand for food and put further pressure on the land. Poor agricultural performance in many of the mountainous areas has led to lower production and

incomes, both of which affect the nutritional standards for children to the extent that malnutrition is an important factor in childhood health. Health problems, especially in the under-five age group, have increased significantly in recent years. It is estimated that 25 percent of this group have reduced growth due to protein-calorie malnutrition. Reports from rural health facilities indicate that 10 percent of all patients reporting for services have malnutrition-related diseases.

2. Home Gardens in Lesotho

Responding to the conditions referred to above, the MOA's Nutrition Division has actively promoted increased production of fruits and vegetables through home gardening. While this approach is sound, the Nutrition Division does not have the personnel and financial resources to adequately address the task.

Peace Corps, through the USAID-funded Lesotho Agricultural Production and Institutional Support Project (LAPIS), provided two home gardens specialists to assist the Ministry between 1987-89 to develop home gardening activities. Several achievements were realized in developing appropriate extension packages for home gardening and media presentation materials; however, the Nutrition Division's extension staff had little knowledge or practical experience in promoting home gardening. Most of the training and experience of the extension staff was in the area of nutrition education, food preparation/preservation and cottage industry.

A World Food Program (WFP) supplemental feeding program operating in most primary and some secondary schools has addressed the immediate issues of nutrition deficiency. While both the WFP and the GOL concluded that the program was important for providing food and employment, issues related to sustainability were not being addressed. As a first step, the Ministry of Education with WFP assistance undertook a program of providing a package of agricultural inputs to encourage greater self-reliance at the schools. This program combines an introduction to practical gardening at the school level with the provision of some of the food required for the school. U.S. Peace Corps/Lesotho supported this program and by August 1991 had 17 volunteers working in the School Self-Reliance Project.

In 1989 a parallel effort to support increased home gardening was introduced. The pilot Home Gardens and Nutrition Program paired Nutrition Assistants with Peace Corps Volunteers (PCVs) on field teams which work with up to 100 farmers each in individual, community, school and clinic gardens. The objective of this pilot program was to demonstrate improved techniques that involve few inputs and are sustainable within the mountain environment. Secondary activities involved the development of low-cost, low-technology, and gravity fed water systems and the introduction of improved food preservation techniques.

The pilot program has been extended through September 1992. The program currently has 12 field teams working in two of the three mountain districts

with a total of 72 villages. Over 1,800 gardeners were assisted by the program during the first two years. An external evaluation completed in February 1991 concluded that the program had made good progress towards achieving its objectives and that field teams had been effectively established. Morale of the field teams is high and the MOA has strengthened its capacity to expand the home gardens program. The pilot program subsequently implemented many of the specific evaluation recommendations during its final year.

3. GOL Strategy

The Small Scale Intensive Agriculture Production Project (SSIAP), as the successor to the USAID-funded Home Gardens Program, will continue to support the GOL strategy of increasing self-sufficiency for fruits and vegetables. The goal and purpose of SSIAP fully conform with the MOA strategy as specified in the "Fourth Five-Year Plan". The section of the Plan pertaining to the objectives of SSIAP reads, "It is the policy of Government to attain self-sufficiency in the production of basic staple crops, high value fruits and vegetables, livestock and forest products consistent with the Nation's natural resource base."¹

The successful introduction of home gardens under the pilot program has resulted in the planned expansion to the third mountain district and further replication of home garden activities in the existing districts of program activity. SSIAP will be implemented by the Government of Lesotho through the MOA/Nutrition Division. The Nutrition Division is the logical choice as the principal agency responsible for project implementation because of its mandate to reduce the incidence of malnutrition through encouraging the formation of basic food production units including backyard gardens. Furthermore, SSIAP complements the GOL strategy to reduce school dependency on WFP food commodities through the introduction of school gardens. These school gardens will serve as both a teaching laboratory and a source of food for the school. The Ministry of Education is phasing in a program of agricultural inputs to encourage self-reliance in food production in the schools throughout the country.

4. Relationship to A.I.D. Strategy

SSIAP is consistent with the USAID Country Program Strategic Plan - FY-1992-96 (CPSP). The CPSP reads, "to promote micro-level agricultural enterprises in an area where Lesotho has a comparative advantage, USAID will continue its successful activity to promote high-value crop production through small home plots, implemented under LAPIS since 1989 with Peace Corps Assistance".²

¹Ministry of Agriculture, Marketing & Cooperatives, "Fourth Five Year Plan, Policies & Programmes, Final Draft, Part 1", November 5, 1986, p. 43.

²Country Program Strategic Plan - USAID/Lesotho - FY-1992 - FY-1996, November 1991.

SSIAP is also consistent with the Development Fund for Africa (DFA) target of improving food security. Its low-cost appropriate technology approach in establishing home gardens contributes to improvements in natural resource management. Soil erosion is reduced by use of terraces and organic material incorporated into garden plots improves soil quality. Furthermore, SSIAP responds directly to Congressional interests and earmarks for natural resource management.

B. Project Objectives

1. Project Goal and Purpose

The Goal of the SSIAP is to improve household food security in remote mountain areas of Lesotho. This goal is consistent with the USAID/Lesotho CPSP FY 1992-96 and the GOL policy to improve nutrition and increase self-sufficiency in vegetable and fruit production.

The Purpose of SSIAP is to increase the production of fruits and vegetables for home consumption and to improve nutrition. Targeted beneficiaries are the families, most of which are female headed, living in the three mountain districts who individually or collectively participate in home gardening. The projected number of beneficiaries will be the members of 12,000 participating households.

2. End of Project Status

The purpose will have been achieved if, by the Project Assistance Completion Date (PACD) of June 30, 1997, the following conditions exist:

- a. There will be a 25 percent increase in the quantity and variety of fruits and vegetables within the project area as more farmers participate in gardening and productivity is improved.
- b. The quality of fruits and vegetables produced will increase as gardening skills of participants are improved.
- c. Availability of fruits and vegetables within the project area will be increased by 20 percent through increased production, an extended growing season and improved food storage and preservation techniques.
- d. Nutrition will be improved as the targeted groups will be trained in improved food preparation techniques and will increase their consumption of a larger selection of domestically produced fruits and vegetables.

3. Planned Inputs and Expected Outputs

The SSIAP approach to project implementation is based on lessons learned from the predecessor pilot Home Gardens Nutrition Program. SSIAP will focus on

replicating the model developed during the first phase in the current districts of home garden activity (Qacha's Nek and Thaba-Tseka) and expand to a third district (Mokhotlong) during the second year. SSIAP will provide technical assistance, training, limited commodities, and small grants in support of community-initiated water developments and other home garden related infrastructure. A five person technical assistance team, consisting of expatriate and host country professionals, will work in close collaboration with the MOA/Nutrition Division and Peace Corps/Lesotho to expand the home garden program. More effort will be directed to the construction and operation of low-cost, low-technology irrigation and water storage facilities.

The project will include improved training courses for village garden leaders and assigned MOA field staff. By the end of project, these efforts should have resulted in the following outputs:

- a. Participating households and communities organized to meet their gardening needs;
- b. Gardening skills of participating households, communities and institutions are improved;
- c. Established home gardens and Village Garden Leaders (VGL) serve as the basis for extending the home garden technology to other locations in the districts;
- d. Availability of seeds and other planting materials is increased;
- e. Participating communities trained in nutrition-related areas of food preparation and preservation;
- f. MOA/Nutrition Division's capacity to implement gardening and nutrition extension programs in the mountain areas improved.

Table 1 below provides some of the indicators and expected levels to be achieved. See the logframe in Annex A for a complete listing and details.

Table 1 - SSIAP Activities by Year

Activities/Outputs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Village Gardens	33	48	54	60	55	250
School Gardens	22	18	6	4		50
Clinic Gardens	11	9	3	2		25
District Nurseries	2	2	2	0	0	6
Irrigation Systems	10	10	10	10	10	50
Demonstration Plots	33	48	54	60	55	250
VGLs Trained	33	48	54	60	55	250
Fruit Trees Established	600	600	600	600	600	3000

If the experience with SSIAP implementation confirms the underlying assumptions of the project, -- i.e., that rural households can be sufficiently motivated to establish home gardens and food consumed from those gardens has a positive impact on family nutrition -- then SSIAP will not only contribute to improved diets and better health, but will also contribute to an increased amount of discretionary money available to targeted families by reducing expenditures on basic foods. Limited local sales of surplus fruits and vegetables will also directly contribute to income for the more successful farmers. Home gardening will also provide an opportunity to utilize family labor that may not easily find alternative employment.

4. Sustainability

The evaluation of the pilot Home Gardens Program indicated that individuals participating in home gardening for two to three years are likely to have acquired requisite skills to continue with home garden plots without substantial external assistance. It is anticipated that by PACD the number of home gardens in the three mountain districts will be large enough to demonstrate the value of home gardens and will encourage replication. Furthermore, a cadre of village garden leaders will have been trained in the technical aspects of home gardening and will be available as resource persons to advise others who are interested in establishing home gardens. SSIAP has been designed to encourage the maximum level of community participation. Farmers can participate individually on their own plots or jointly in communal gardens. Children can also participate through school garden programs. The low-cost/low technology approach is ideal for the remote areas of Lesotho. This approach requires high family labor input but minimal cash

outlay. The potential for sustainability of project-initiated activities is enhanced by a low demand for recurrent government support following PACD.

Sustainability of project initiated activities resides within the community and the individual gardeners that have participated in activities. Government support following PACD is expected to be no more than the routine extension assistance that is part of regular District Agricultural Office services.

5. Other Donor Activities

Two other donors actively support home gardens in Lesotho - the International Fund for Agricultural Development (IFAD) and the Unitarian Service Committee of Canada (USCC). The IFAD-funded Local Initiatives Support Project (LISP) provides funding for local groups to engage in income generating activities which include home gardens and small-scale irrigation. The USCC approach is through an integrated community development project that has a home gardens component. The USCC project is located in Ketane. Peace Corps/Lesotho have placed volunteers in each of these projects to work on home gardens activities. Both of these efforts complement SSIAP activities and neither is located in districts proposed for SSIAP.

C. Project Elements

SSIAP will provide: (1) long-term technical assistance, both local-hire expatriate and host country nationals, to assist with replication and expansion of the home gardens model and provide assistance to the MOA for project implementation; (2) support for training of MOA staff and Peace Corps Volunteers assigned to the project; and (3) funding of small community-based home gardens infrastructure.

1. Technical Assistance

Five long-term professionals will operate in four separate teams, three of which will be field based. The fourth team will be a national coordinating team. Each team will consist of project-funded technical assistance personnel and MOA/Nutrition Division counterparts. The fifth position is an administrative position for financial management and accounting situated in the Peace Corps office. The primary responsibility of the district teams is to provide support and guidance to individual Peace Corps Volunteers and their host government counterparts working at the community level. As such, it is essential that all members of the technical assistance team be not only familiar with micro-level horticulture but also experienced with and sensitive to the requirements of international volunteers. Strong interpersonal communication skills will be essential to provide motivation and technical backstopping to volunteers in the field. The composition of the long-term technical assistance team, will be as follows:

<u>Positions</u>	<u>Duration</u>
1 National Coordinator	5 person years
3 District Coordinators	14 person years
1 Administrative Officer/Accountant	5 person years
	<hr/>
Total	24 person years

Through a PASA with USAID, the Peace Corps will assist the Nutrition Division to implement the project. The Peace Corps will do this by hiring five individuals under personal services contracts to serve as project coordinator, financial assistant and district coordinators. The Peace Corps will also maintain in SSIAP on an annual basis between 20-25 PCVs trained in home gardening, water resources management and communications.

Teams staffed from the Ministry of Agriculture and Peace Corps personnel at the headquarters, district and community levels will implement project activities.

A Management Team will be based at the MOA/Nutrition Division headquarters. Members of this team will be the project coordinator and a counterpart nutrition officer. The Management Team will be supported by a financial management officer (FMO). The Management Team will have responsibility for day-to-day project management in planning, budgeting, procurement, monitoring, reporting and training. The FMO, while part of the management team, will have an office at the Peace Corps headquarters and receive administrative support from the Peace Corps administrative unit. Procurement and accounting systems conforming to Peace Corps regulations will be established and maintained.

The Management Team will report to and receive direction from a Programming Team made up of the MOA's Chief Nutrition Officer (CNO), the Director of Field Services (DFS), the District Agricultural Officers (DAOs) of the districts where the project is active, Peace Corps' Associate Director for Agriculture (APCD/A), a representative of USAID's Agriculture Development Office and the project coordinator and his or her nutrition officer counterpart. The Programming Team will meet semi-annually to establish project policies and procedures, participate in the selection of contractors, make site assignments and monitor the progress of the project. An Executive Committee will be established to represent the Programming Team on matters that cannot wait for scheduled meetings. Actions of the Executive Committee will be included in the agenda of the next Programming Team meeting. Membership of the Executive Committee shall consist of the CNO and the APCD/A.

There will also be an Information Team in Maseru comprised of a PCV information specialist, an MOA nutrition information officer and a nutrition assistant radio presenter. This team, reporting directly to the Management Team, will develop training and information materials on home gardening and nutrition-related subjects and produce regular radio broadcasts with a gardening emphasis.

Within the districts where the SSIAP is active, the district coordinators and MOA senior home economics assistants (SHEAs) will form district support teams. Subject matter specialists (SMS) will also be part of the support team. The primary role of the district support teams will be to provide logistical and technical support to the field teams and to serve as a reporting liaison between the field and headquarters.

Also present in each district are Water Development Teams (WDT) made up of a PCV water development specialist and the SMS for horticulture/irrigation. These teams report to the district coordinators and respond to requests from communities participating in the project that want to install simple irrigation systems at their gardening sites and are prepared to share in the cost of materials and labor. Funding is available from the project to finance up to 75 percent of the cost, subject to a ceiling, of approved irrigation systems. The beneficiaries are expected to provide the balance of funding and provide labor for construction.

At the community level are field teams comprised of a home gardens PCV and a nutrition assistant. In cases where there is no nutrition assistant, the PCV may work with a district crop extension agent or a village garden leader.

The field teams' main task will be to build on the existing home gardens base, attract new farmers and promote a more productive horticulture that is appropriate to and sustainable in the mountain environment. They will rely on a technical package featuring 15 low-cost, low-input organic practices that have proven effective during the pilot phase. These practices emphasize local resources, conserve and enrich the soil base and extend the growing season. The teams will introduce new vegetable and fruit tree varieties that are compatible with the mountain climate, enrich the diet and contribute to better nutrition. They will also work to expand farmer access to a private sector seed supply system and develop a system for the sale of fruit tree seedlings. In addition, the field teams will undertake activities that are complementary to gardening such as cooking demonstrations that emphasize good nutrition and improvements in food preservation techniques like drying and canning.

The field teams will work with individual farmers as well as members of village garden groups, local schools and clinics, which may undertake community projects related to gardening. These can include fencing community gardens, purchasing seed, and, when conditions are appropriate, the installation of simple, gravity-fed irrigation systems.

The field teams will also target the Range Management Area/Grazing Associations located in the project area as institutions through which improved gardening can be presented to members.

An especially important element in the field teams' extension methodology is work with village garden leaders. These are exceptional gardeners with leadership qualities who are chosen by their garden group peers to receive supplemental training in horticulture at the district level. They are expected to pass the lessons of this training on to the members of their village groups. As an incentive, they may provide services for profit that may include seed supply, the sale of fruit trees, pruning, and tool rental to interested farmers.

While similar in content to the pilot Home Gardens Nutrition Program, SSIAP represents a substantial increase in scope and coverage. By the second year the Project will have established itself in Mokhotlong, the third mountain district. Within Thaba Tseka, Qacha's Nek and Mokhotlong Districts, it will work with 250 village groups, 50 schools and 25 clinics, and should assist approximately 3,500 gardeners during its five-year life.

The key to the sustainability of this activity is at the community level, and will revolve around the ability of the field teams to reach a critical mass of farmers that adopt improved gardening techniques during the life of the project. Strengthening community garden groups, touching large numbers of people through schools and clinics and creating a trained cadre of village garden leaders who will continue to apply their knowledge, skills and leadership qualities within the community and who will maintain regular contact with the extension services, should enable this to occur. A substantial "spread effect" as villagers see their neighbors establish and improve gardens is expected. Thus, sustainability of project initiated activities will be accomplished primarily through the adoption of improved home garden techniques by the targeted beneficiaries. Strengthening MOA institutional capacity will continue to be supported under SSIAP.

2. Training

In-service training is an important constituent part of SSIAP. Training will be provided to both the field teams and to the village garden leaders (VGLs). While Peace Corps will conduct the initial pre-service training for volunteers, additional regularly scheduled in-service training programs will focus on improving the technical and communication skills of field teams. Throughout the life of the project, each field team will participate in two in-service training sessions per year. Each in-service training session is one week in duration. In-service training will provide the principal forum for providing field teams with new technical information and serve as venues for the exchange of information and ideas related to on-going experiences with Project implementation. The in-service training program will be expanded to include 25 nutrition assistants from outside the project area. These participants will be selected on the basis of their interest in gardening.

Semi-annual in-service training courses will be provided for all VGLs at the

district level. These training courses, one week in duration, will focus on providing information and practical demonstrations related to improved gardening techniques, leadership training, organizational skill development, techniques for motivation, and the management of services and inputs (e.g. seed supply, rental and/or sale of tools).

A limited amount of short-term regional training will also be provided to selective staff in the Nutrition Division in fields related to home gardening and project management. Selection of the training sites and candidates will be done by the Executive Committee in consultation with the Programming Team. Consideration will be given to programs offered by the Agricultural Management Training Center in Swaziland.

3. Community-Based Infrastructure

Community Development Fund

To complement the technical assistance provided under SSIAP, individual communities in which the project is active may apply for funds to support community initiated activities that directly support home gardening. A small grant activity was part of the pilot HGNP. Access to funding is through formal application submitted to the district coordinators by the respective community with the assistance of the field team. Applications will be reviewed by the district coordinator in consultation with the DAO staff. Applications meeting established criteria will be forwarded to Management Team for review and recommendation. The management team in consultation with the executive committee will approve applications for funding. Peace Corps will fund approved activities under the PASA using established Peace Corps grant mechanisms. An illustrative list of activities would include building a fence, terrace construction, storage facilities, and establishing a tree nursery. The maximum funding available per project is the equivalent in local currency of \$500 and the time frame for completion is one year. Applications for funding must indicate substantial in-kind contribution from the beneficiaries.

Water Development Fund

A program to establish low-cost irrigation systems was part of the HGNP. This activity will continue under SSIAP. Water Development Teams in each district will provide technical assistance with design and training in irrigation system operations and maintenance. Between 5-10 irrigation systems will be established annually. Beneficiaries are expected to contribute a minimum of 25 percent of the total cost. Communities requesting support will be required to submit an application for funding to the district coordinator. Applications will be forwarded to the Management Team for review and approval in consultation with the Executive Committee. Field teams and the water development teams will assist with application preparation.

II. COST ESTIMATES AND FINANCIAL PLAN

The total life of project costs for SSIAP from all sources is estimated to be \$2.57 million. Of this, the A.I.D. contribution will be \$1.5 million (58 percent of total project cost). The Peace Corps will contribute \$.7 million (28 percent of total project costs) and the Government of Lesotho contribution will be the equivalent of \$370,000 (14 percent of project costs). A waiver of the 25 percent host government contribution has been approved. The GOL contribution was calculated on the basis of projected budget allocations for support of the Nutrition Division operations at headquarters and in the three mountain districts and a portion of the District Agricultural Office budget for the same districts. The GOL 1992 Budget Estimates were used as the base year levels with ten percent growth in successive years. The estimated cost for the GOL is conservative as there will be expenditure incurred in other sections of the MOA and other ministries in support of SSIAP. Table 2 summarizes the anticipated contribution to by A.I.D., the Peace Corps and the GOL. An annual inflation rate of 5 percent was built into all line items in the budget. Annex D includes a detailed budget by year.

Table 2: Summary Cost Estimate by Input Category
(U.S. \$ '000 or equivalent)

INPUT CATEGORY	A.I.D.	PEACE CORPS	G.O.L.	TOTAL
Technical Assistance and Personnel	534	700	260	1,494
Local Program Costs	449		110	559
Training	119			119
Commodities	232			232
Evaluations	30			30
Contingency	136			136
TOTAL	1,500	700	370	2,570

SSIAP will be approved for a total Life of Project (LOP) funding of \$1.5 million. SSIAP will be authorized in two phases. The initial phase will be authorized for \$1.0 million in FY-92. SSIAP will be evaluated at the beginning of the third year. A second tranche of \$0.5 million will be authorized in FY-95.

Table 3: AID Obligations Schedule vs. Planned Expenditure
(U.S. \$ '000)

FISCAL YEAR	PLANNED OBLIGATIONS	ESTIMATED EXPENDITURE	ANTICIPATED PIPELINE
1992	406	0	406
1993	250	350	306
1994	344	334	316
1995	500	314	502
1996	0	304	198
1997	0	198	0
TOTAL	1,500	1,500	

The plan in Table 3 is expected to provide sufficient obligated funds to meet planned expenditures for SSIAP.

Table 4: Methods of Implementation and Financing
(U.S. \$ '000)

<u>Category</u>	<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Amount³</u>
Technical Assistance	PASA	Direct Billing - Form 1080	587
Training	PASA	Direct Billing - Form 1080	131
Commodities	PASA	Direct Billing - Form 1080	255
Local Program Costs	PASA	Direct Billing - Form 1080	494
Evaluation	Direct AID Contract	Direct Payment	33

The U.S. direct hire Agricultural Development Officer will be assigned responsibility for review and administrative approval or disapproval of all billings related to the PASA and contractor requests for payments. USAID will procure the services of a contractor to undertake a mid-term evaluation first quarter of FY-95.

³Table 2 contingency line item has been allocated to each category. Each category in Table 4 includes an increase of 10 percent for contingency.

III. IMPLEMENTATION PLAN

A. Procurement Plan

SSIAP is a DFA-funded project and Code 935 is the authorized procurement code. No source/origin/nationality waiver will be required. However, as required by DOA 551, Section 5F, and the DFA Procurement Policy Recommendations and Africa Bureau Instructions dated April 4, 1988 (88 State 105351), the following procurement limitations apply to the Project:

- With respect to air transportation and travel, all such travel and transportation financed by AID to and from the United States will be limited to U.S. flag carriers, subject to documented exceptions, which will be made sparingly. Because U.S. carriers currently do not fly into southern Africa, non-U.S. carriers will be used for this leg of the project-financed air travel and transportation. With respect to ocean shipping, the Cargo Preference Act rules apply and at least 50 percent of the gross tonnage of all AID-financed commodities shipped on ocean vessels will be shipped on U.S. flag commercial vessels if such are available at fair and reasonable rates.
- With respect to motor vehicles, U.S. manufactured vehicles cannot meet the needs of the Project, because of required specifications (right-hand drive vehicles are required in Lesotho) and the lack of spare parts and availability of maintenance capabilities for U.S. manufactured vehicles in Lesotho. (See HB 22, App. 9A, 6 FAM Exhibit 165.9-2.) Therefore, non-U.S. vehicles from Code 935 countries will be procured.
- Participant training financed under the grant will be in accordance with Handbook 10, though third country participant training in Code 899 countries may be financed without the special approval of the Director, R&D/OIT.
- The procurement plan calls for U.S. procurement of goods and services to the maximum practicable extent.

Peace Corps will be required to report to AID regarding the source and origin of commodities procured under the PASA.

1. Project Contractor

Analyses undertaken in conjunction with project paper design and subsequent consultations with the MOA have concluded that achievement of project objectives and the successful replication of the home garden model, will require an estimated 24 person years of long-term technical assistance for coordination of gardening site activities and support to rural development volunteers working directly with host country counterparts to assist with individual and community-based home gardens. An estimated 3 person-months of short-term

technical assistance will also be required. To accomplish this task the technical assistance contractor must have demonstrated capability to manage and support volunteers and employees of voluntary organizations.

While the MOA has considerable institutional capability in the area of gardening and horticulture, basic extension services are minimal. Because of limited personnel resources to implement a home gardens program, the GOL has requested the Peace Corps to provide volunteers to work as home gardens extension agents and water development officers and a limited number of technical officers to supplement existing MOA staff. The technical assistance positions are non-volunteer positions assigned to the MOA to support implementation. Peace Corps will fill these positions through personal services contracts. Recruitment for these positions will be done locally and will include targeting the ranks of former volunteers with home gardens experience. The Peace Corps will also provide between 20-25 volunteers through its normal recruitment and placement program.

2. Justification for PASA

Section 621(a) of the FAA authorizes AID to utilize the technical resources of other Federal agencies, particularly in the fields of education, health, housing or agriculture, when these resources: (a) are particularly or uniquely suitable for such technical assistance, (b) are not competitive with private enterprise, and (c) can be made available without undue interference with domestic programs.

Effective support to volunteers and host country nutrition extension agents in the field requires a contractor with experience in implementing rural projects in isolated locations. Providing pre- and in-service training is also critical to the success of SSIAP. Although NGOs/PVOs and for-profit companies have good track records for implementing rural extension projects, and a few also have implementation experience with volunteer programs, the Peace Corps has several decades of experience throughout the world in supporting and administering volunteers in rural extension projects. Peace Corps will provide the volunteers for SSIAP and thus the responsibility for support and coordination of volunteer activities should preferably reside in the same agency. Peace Corps has already demonstrated during the pilot HGNP that they have the capability to undertake this support role. The Peace Corps will contribute more than 125 person years of volunteer technical assistance to the project. The PASA envisioned will also provide resources to Peace Corps to contract for technical assistance specifically in support of SSIAP implementation. The Associate Peace Corps Director/Agriculture (APCD/A) will continue to have Peace Corps management oversight responsibility for the project, project-funded technical assistance advisers and volunteers assigned to SSIAP. The Peace Corps's on-going program in Lesotho and the role that PCVs will play in the Project make Peace Corps uniquely suited to provide technical assistance to SSIAP.

In respect to the provision of assistance, the Peace Corps is requested to provide technical assistance and related management/implementation oversight for

SSIAP. Peace Corps will provide all regular support services to volunteers including recruitment, staging, pre-service training, medical support, and backstopping. Discussions have been held with the Peace Corps to review their capacity to provide the required technical assistance in view of their current and proposed programs in Lesotho. It was concluded that Peace Corps/Lesotho has the capacity to undertake this assignment and that a PASA with Peace Corps will contribute to fulfillment of project objectives. Peace Corps has the authority to enter into personal services contracts with individuals. The situation for SSIAP is unique in that while Peace Corps can provide volunteers for the home garden program, the MOA has inadequate personnel resources to supervise and support these volunteers and their counterparts. SSIAP will address this constraint by funding, through a PASA with the Peace Corps, technical assistance to the MOA and related local program costs in the field. Furthermore, the provision of these services by the Peace Corps is not competitive with the private sector as no private sector entity has been identified in Lesotho that could undertake this assignment.

Further justification for use of a PASA with the Peace Corps is based on cost comparison. The cost per person year of Peace Corps long-term technical assistance (salaried positions, not volunteers) is considerably less than that of contractors now providing technical assistance to AID-funded projects in Lesotho. Fully burdened costs for the technical assistance positions range between \$20,000 to \$35,000 per annum over the life of the project.

3. Disadvantaged Enterprises

The design team examined the opportunities for participation of disadvantaged enterprises in SSIAP implementation and concluded that the opportunities for organizations other than the Peace Corps are limited. The PASA with the Peace Corps will provide all the required technical assistance. All positions are local hires. The only activities outside the PASA which will be contracted separately by AID are for evaluation services. Priority consideration will be given to identifying appropriate disadvantaged enterprises for evaluation services.

4. Commodities

Overall responsibility for procurement of commodities listed below will reside with the Peace Corps. This responsibility will be clearly stated in the PASA. The Peace Corps is a federal agency with considerable overseas procurement experience and is expected to comply with the procurement regulations of the DFA as stated in Section III, A (Procurement Plan) above and Table 5 below.

Table 5 - Commodities List

Item	Quantity	Proc. Entity	Amount	Prob. S/O
Vehicles 4WD	5	Peace Corps	\$145,000	935
Computers & related equipment	2	Peace Corps	6,000	000
Construction Materials - Water/Fence/ Conservation	various	Peace Corps	78,000	935
Office Furniture		Peace Corps	3,000	935
Total			\$232,000	

SSIAP will be funded under the Development Fund for Africa. Per Congressional guidelines set forth in the legislation authorizing DFA, all reasonable efforts will be made to utilize U.S. source/origin for commodities and services to the maximum extent practicable. Other than vehicles, the remaining commodities constitute a small portion of total project funding. As noted in Sec. III. A. (Procurement Plan), U.S. manufactured vehicles cannot meet the needs of the project and procurement will be from Code 935 source and origin.

5. Local Procurement

Local procurement will consist mainly of construction materials used for irrigation systems and other infrastructure related to home gardening. An illustrative list would include water pipes and fixtures, cement, timber, fencing products, ballast, wire and nails, hand tools and transportation. Consumable office supplies would also be included in local procurement. The source/origin of these commodities will be Code 935.

B. Administrative Arrangements

1. Administrative Responsibilities

The Peace Corps will be responsible for all administrative, accounting, and logistic arrangements for all activities including minor construction financed by the Project. All sub-contracting arrangements, other than the evaluation, will also be the responsibility of the Peace Corps.

The Peace Corps will be responsible for all logistic and housing arrangements required for volunteers assigned to the Project. The Peace Corps will also be responsible for housing, vehicle maintenance and logistic requirements of the technical assistance team. The Peace Corps will also provide office space for the administrative officer hired under the project.

The MOA will be responsible for providing office space and facilities for the project coordinator and counterpart. MOA will also assist, to the extent possible, with the identification and provision of office facilities for the district coordinators.

The Mission's Agricultural Development Officer will oversee and monitor project activities. The Project Officer for SSIAP will be the Agricultural Development Officer. USAID support staff will include on an as needed basis the following: controller, regional contracting officer, regional legal advisor, project development officer, and the program officer.

It is anticipated that the proposed use of a PASA to enable the Peace Corps to provide technical assistance to the Nutrition Division will minimize the Mission's management workload.

2. Project Coordination and Start-Up

Upon authorization of SSIAP and the execution of the PASA, activities of the on-going LAPIS Home Gardens Nutrition Program will be transferred to and operate under the auspices of SSIAP. No break in program activity from the Home Gardens Program to SSIAP is anticipated. The Peace Corps will be responsible for ensuring adequate staff coverage for home garden activities during periods of staff change. The PACD for LAPIS has been extended and additional funding provided to support the Home Gardens Program through September 30, 1992 in order to provide additional time to finalize design and complete PASA negotiations.

C. Implementation Schedule

<u>Action</u>	<u>Action Agent</u>	<u>Scheduled</u>
Project Authorized	USAID	6/92
Project Agreement Signed	GOL & USAID	6/92
CPs Fulfilled	GOL	7/92
PASA Negotiated/Executed	USAID & Peace Corps	7-8/92
Transition from LAPIS Home Gardens to SSIAP	USAID, MOA & Peace Corps	9/92

Submission of U.S. FY-93 Workplan/Budget	MOA & Peace Corps	9/92
Review/Approval of U.S. FY-93 Workplan/Budget	USAID	9/92
Recruitment/Selection of Coordinators	Peace Corps & MOA	7-9/92
Placement of New Volunteers	Peace Corps	9-10/92
Update Baseline Survey	MOA & Peace Corps	1-3/93
Submission of U.S. FY-94 Workplan/Budget	MOA & Peace Corps	8/93
Review/Approval of U.S. FY-94 Workplan/Budget	USAID	9/93
Program Start-Up in Third District	MOA & Peace Corps	10/93
Submission of U.S. FY-95 Workplan/Budget	MOA & Peace Corps	8/94
Review/Approval of U.S. FY-95 Workplan/Budget	MOA & Peace Corps	9/94
Mid-Term Evaluation	USAID, MOA & Peace Corps	10-11/94
Phase II Authorization (\$.5 million)	USAID	2/95
Submission of U.S. FY-96 Workplan/Budget	MOA & Peace Corps	8/95
Review/Approval of U.S. FY-96 Workplan/Budget	USAID	9/95
Submission of U.S. FY-97 Workplan/Budget	MOA & Peace Corps	8/96
Review/Approval of U.S. FY-97 Workplan/Budget	USAID	9/96
Departure of TA Team	Peace Corps	6/97
Project Assistance Completion Date	USAID	6/97

D. Waiver

Twenty-five percent matching GOL contribution - A waiver of 25 percent host government contribution has been approved by the Acting AA/AFR. Justification for waiver is: (1) Lesotho is a relatively least developed country, (2) participation in an Enhanced Structural Adjustment Program severely restricts GOL flexibility in increasing domestic budget levels, (3) following PACD project initiated activities will be largely replicated by the Village Garden Leaders with minimal GOL recurrent costs obligations, and (4) the involvement of the Peace Corps elevates the U.S. Government contribution substantially.

IV. MONITORING, EVALUATION AND AUDIT PLANS

A. Monitoring

The USAID ADO will be the Project Officer for SSIAP and will be assisted by a FSN Project Manager. The Project Officer and FSN Project Manager will be responsible for monitoring project activities and preparing internal documentation and reports as required. Project monitoring will require periodic reports submitted by the Peace Corps to USAID. These reports will consist of (1) semi-annual progress reports indicating progress made against the annual work plan, and (2) quarterly financial reports indicating quarterly and cumulative expenditures against an approved annual budget. The financial report will also include a quarterly and cumulative variance analysis. USAID/Lesotho needs this information in order to review expenditure levels, allocate resources, assess progress toward project objectives, and evaluate project impact each year. AID/W, especially the Africa Bureau, needs information on program impact to report to Congress and to make decisions about programming resources to reach Bureau and Agency objectives. Both reports will be due within 60 days of the reporting period closing date.

B. Evaluation

A mid-term evaluation is scheduled for the beginning of the third year. The purpose of this evaluation is to assess progress with project implementation and to determine if SSIAP is being implemented according to plan. The mid-term evaluation will also address the issue of integrated pest management as recommended by the Africa Bureau Environmental Officer. The conclusions reached in this evaluation will be instrumental in justifying the second phase of the project.

The following items will be included in the mid-term evaluation:

- Evaluation of progress towards attainment of the objectives of the Project;
- Identification and evaluation of problem areas or constraints which may inhibit such attainment;

- Assessment of how such information may be used to help overcome such problems;
- Evaluation, to the degree feasible, of the overall development impact of the Project; and,
- Assess the progress made in introducing integrated pest management practices into home gardening practices.

The evaluation team will be jointly selected by USAID and the Peace Corps with the concurrence of the MOA. The evaluation team will consist of two persons, preferably both having previous AID evaluation experience in Africa.

A project-funded final evaluation is not planned for as no follow-on project is anticipated. This decision does not preclude the Peace Corps from undertaking a final evaluation should they so desire.

C. Audit

No provision is made for a financial audit as the Peace Corps is a U.S. Government agency with its own internal audit and procedures for financial management review. Peace Corps/Lesotho internal financial control and management procedures were reviewed by the Peace Corps Office of the Inspector General during March 1992.

V. SUMMARIES OF ANALYSES

A. Technical Analysis

SSIAP is a follow-on project to the LAPIS Home Gardens Nutrition Program (HGPN). Based on the implementation experience with HGPN, SSIAP will further develop the technical package for home gardening. The approach to low-cost intensive home gardening was successfully introduced in two mountain districts. A wider variety of vegetables and fruits were introduced. The concept of a Village Garden Leader selected by the community and trained under the project was tested and found to be valid.

There will be an increased emphasis on fruit tree cultivation and an expansion of small low-cost/low technology irrigation systems under SSIAP. Fruit production will improve household nutrition and improve soil conservation. Access to irrigation will increase productivity and extend production into the dry seasons. Other measures to extend the growing season will also be introduced including the use of growing tunnels and portable seedling trays to avoid early and late season frost damage.

SSIAP will continue to test improved methods for food preparation and preservation. Appropriate technologies will be incorporated into field extension plans. Food preservation techniques will include drying, canning, and storage in

root cellars.

More specialized training and increased frequency of in-service training for VGLs will be examined. VGLs will be expected to assume increased responsibility for extension services to their immediate communities. At PACD, the cadre of VGLs will serve as a principal resource for replication of home gardening to neighboring villages.

The technical package will continue to be low-cost and labor intensive. The use of organic fertilizer and integrated pest management will be encouraged.

B. Financial Analysis

The financial analysis is based upon experience from the on-going home garden activities under the Home Gardens Nutrition Program (HGNP) which focused on increasing the production of fruit and vegetables in isolated rural areas in Lesotho. SSIAP has established targets of working with 3,500 individual gardens, 50 school gardens and 25 gardens located at clinics over the life of the project. As well as promoting vegetable production, SSIAP will assist in increasing fruit production in project areas by continuing activities conducted under the HGNP which focused on increasing the production of existing fruit trees through better pruning techniques. In addition, field teams will work with farmers to plant at least 600 new trees per year.

Based upon estimates provided on achievements under the HGNP, the total value of the increase in vegetable production expected to result from the SSIAP is M354 per household garden and approximately twice that for gardens in schools and clinics. The value of increased fruit production were estimated to be worth M5 per existing tree and M20 for each new tree. Additional cost to participants arises from their in-kind and cash contributions for establishment of an irrigation system in some cases. This contribution includes the value of their labor, the purchase of inputs and replacement costs for capital items (mainly hand tools).

Over a 25-year period net benefits to participants of the project total M22.2 million. Net annual increase in benefits to individual household gardens range from M240 to M280 per year. Similarly, net benefits to participating schools and clinics approximate M478. These benefits should provide enough incentive to encourage households, schools and clinics to participate in the project.

Total project costs from USAID, GOL and Peace Corps are expected to be M7.2 million. These costs were deducted from the total net benefits accruing to project participants to obtain the overall net benefits of the project of M15.0 million over a 25-year period. The benefit-cost ratio is 3.08, the Internal Rate of Return (IRR) is 15.0 percent and the Net Present Value (NPV) at 8 percent is M3.0 million, which indicate that the project is favourable from a financial perspective. In addition, it should be emphasized that the benefits measured here do not include additional benefits which are likely to arise from observers adopting improved

gardening techniques of project participants (demonstration effect).

C. Economic Analysis

The objective of economic analysis is to help assess the viability of the project from a national perspective and determine the appropriateness of investing national resources in the project. This involves adjusting the financial prices of project inputs, outputs and other relevant variables to economic values and incorporating the impacts of externalities.

The results are very favorable for the project: the NPV of incremental project benefits is positive, the benefit/cost ratio is greater than one and the economic rate of return (ERR) is high. The benefit-cost ratio is 3.68 and the ERR is 18.8 percent. The NPV is M4.7 million at 8 percent discount rate and M2.1 million at 12 percent discount rate. Thus, the project is socially profitable, represents a sound investment of economic resources and will yield a favorable economic rate of return.

The major tradeable inputs are vegetable seeds and agricultural equipment imported from the RSA whose Rand currency is circulated at par with the Loti. The financial value of seed in the mountain districts is not subsidized and includes a mailing surcharge from the Maseru Garden Centre. The import parity cost of agricultural equipment was obtained by adjusting the unsubsidized financial price for transportation costs. Since participating farmers will apply project interventions on land which will not be utilized without the project, the opportunity cost of land was assumed to be zero and any increase in its value due to the project was assumed to be captured in its output. Labor is unemployed or underemployed. Hence, the opportunity costs of household or clinic voluntary labor and school labor were assumed to be 30 percent and 10 percent, respectively, of the financial values. The major non-traded domestically produced input is manure with a high opportunity cost as a fuel source, but it is difficult to quantify the economic value of manure used on the gardens since use-levels are unknown. The two major project products are potential import substitutes but were not valued at import parity prices because, apart from cabbage, no vegetables are imported in significant quantities into the project area and project output is unlikely to influence vegetable prices significantly in the project regions.

Secondary and intangible benefits could not be quantified and were excluded from the economic analysis. These include the expected improvement in the nutrition status of 3,500 individual, mostly women, participants, beneficiaries of the schools and clinics gardens and others who will adopt project interventions due to demonstration effects. The irrigation catchment structures will provide drinking water to villages. The institutional capability of the Nutrition Division to plan and implement projects will be significantly enhanced. Also, local-level private sector agricultural input and other service supply capabilities are expected to develop. Due to the small-scale and low-input nature of the project, the external costs of the project could hardly be identified and were not considered in the economic analysis.

D. Social Soundness Analysis

The Basotho are a settled agricultural people with a patrilineal descent system and a strong tradition of livestock and crop production. As in the rest of the country, the population of the three mountain districts is overwhelmingly rural, living in villages which vary from 40 to 1,000 inhabitants. Most mountain residents engage in small-scale agriculture and livestock production. These activities, however, supply only 50-60 percent of the household's food requirements and the balance of food must be purchased with income derived from migrant wages, livestock sales, beer brewing or other rural employment activities, or obtained through food-for-work or other programs. The production deficit of basic foods has a negative effect on nutrition, resulting in both seasonal and chronic deficiencies. Lower cost foods with high caloric content but low nutritional value (mainly maize) are generally purchased. Few fruits and vegetables are available in the mountain areas.

Among the rural population 28 percent of households are headed by females, and another 27 percent are run by females in the absence of the male heads, resulting in a majority of rural households managed on a day to day basis by females. Female headed households have significantly lower income and expenditure than male headed households and are among the poorest and least advantaged families. Due to the mountainous terrain, only a small portion of land is arable, and women have more difficulty gaining field allocations. Over 16 percent of rural households lack both livestock and fields.

Basotho women are very active in agriculture. They are involved in crop selection and planting and contribute most of the hoeing, weeding and harvesting of crops. Women also raise pigs, poultry and dairy cattle. Men traditionally plough and prepare the soil, plant and raise livestock. Because boys are expected to herd livestock from an early age, girls predominate at primary schools and are generally better educated. Females outnumber males at all educational levels except university, and more than twice as many males as females receive no formal education at all.

Home gardening was originally introduced by missionaries and has been increasingly adopted by Basotho households. The vast majority of home gardening activities are carried out by women. While the concept of home gardening is generally accepted, gardening practices tend not to be intensive and the variety of vegetables is limited. There is considerable scope to increase both productivity and the variety of vegetables. The experience with the pilot Home Gardens Program indicate that the target groups are amenable to changes in gardening practises.

The project will assist approximately 3 500 gardeners (nearly all will be women) working in individual and communal village garden sites. Another 8,500 participants will be involved with institutional gardens (children and staff in 50 schools and clients in 25 clinics). The principal beneficiaries will be the individual family units that will have access to more fruits and vegetables for improved diets. Some income will also be generated through the sale of surplus production.

The project encourages grass roots participation. The members of each village garden unit select a representative to be the Village Garden Leader (VGL). VGLs, the majority of whom are women, receive regular in-service training in gardening techniques and serve as local resource persons for the village. The selection of the VGL takes place only after the formation of a village garden and a thorough understanding by the participants of the concept of home gardening.

The impact of the project is expected to extend beyond those who participate in home gardening during the LOP. Replication of activities by neighboring villages is expected during the project and the concept of intensive home gardening is expected to spread outside the target districts following PACD. The innovations that the project promotes are low technology, low cost and sustainable without outside resources or external forms of organization. This approach greatly enhances the potential for replication.

Nearly all participants in SSIAP will be women, since home gardening in Lesotho is almost exclusively a woman's activity. A majority of participants come from households that have insufficient land resources to meet their families' subsistence food needs, so production increases will have an important effect on their household economies and nutrition of family members. The fact that training is conducted in the home village is a great advantage for village women, who are often unable to travel away from home and family. Since Basotho women are also the planners and preparers of meals, the increased vegetable and fruit production can be put to immediate use in improving family nutrition. Surplus produce can be sold or exchanged to boost family income. Project beneficiaries include the women directly participating in the project, husbands and other male household members, and children.

In-service training courses offered under SSIAP will provide opportunities for new MOA field staff, many of whom are women, to become familiar with improved home gardening techniques. VGLs will also be predominantly women.

E. Environmental Analysis

The conclusion of the Initial Environmental Examination (IEE) was a negative determination. The Bureau Environmental Officer (BEO) concurred in this determination (State 126715). The BEO further recommended that all parties concerned (e.g., Peace Corps, Mission project staff, MOA staff, and village garden leaders) be provided with guidelines and background information on integrated pest management for use within the project. USAID/Lesotho will request assistance from the REDSO/ESA environmental advisor to prepare guidelines for use in the project. Provision will be made to incorporate use of the guidelines into the annual workplans.

The Peace Corps and the MOA/Nutrition Division will ensure that all project funded construction remains small scale and low-impact.

VI. CONDITIONS PRECEDENT AND COVENANTS

The following conditions precedent will be written into the Project Agreement:

First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) a written statement setting forth the names and titles of those persons in the Government of Lesotho who are authorized to sign Project documents and communications, together with a specimen signature of each such person specified in such statement; and
- (b) an opinion by counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms.

The following covenants will be written into the Project Agreement:

Project Evaluation. An evaluation program will be established to provide for one or more evaluations. The evaluation will include:

- (a) evaluation of progress towards attainment of objectives of the Project;
- (b) identification and evaluation of problem areas or constraints which may inhibit such attainment;
- (c) assessment of how such information may be used to help overcome such problems; and,
- (d) evaluation, to the degree feasible, of the overall development impact of the Project.

Counterpart Resources. The Grantee agrees to provide on a timely basis all counterpart personnel required for project implementation. The Grantee will make available financial resources to support counterpart staff and other costs as specified in the Project Agreement budget.

Project Commodities. The Grantee agrees to retain vehicles and other commodities transferred from the LAPIS-funded Home Gardens Nutrition Program for use by the project.

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ANNEX A

SSIAP PROJECT LOGICAL FRAMEWORK

Project Goal	Indicators	Means of verification	Assumptions
To improve household food security in the remote mountain areas of Lesotho	a) Total production of vegetables and fruits for households' consumption in the project area is increased	Project baseline study and monitoring and evaluation plan	Increased production will lead to increased food security
Project Purpose:	Indicators/End of Project Status	Indicators	Assumptions
To increase production of fruits and vegetables for home consumption and improved nutrition.	a) 25% increase in household production, productivity and diversity of fruits and vegetables in the project area b) Quality: crop stands are healthier and more vigorous c) Availability of vegetables and fruits in the project area is increased by 20% through extended length of season and storage/preservation techniques d) Increased variety of home-grown fruits and vegetables consumed for improved nutrition	District Quarterly Reports District quarterly reports " Nutrition Assistants to monitor fruit/vegetable consumption patterns	Communities are motivated to participate in project activities; Rainfall is normal and participants adopt recommended practices that increase yields and availability. Increased production leads to increased consumption of a variety of fruits and vegetables
Outputs:			
1. Participating households/communities are organized to meet their gardening needs.	a) 250 village garden groups and demonstration plots are formed b) 50 garden groups are engaged in water development activities for irrigation	District Quarterly Reports	Communities in the area are motivated to actively participate in the project
2. Gardening skills of participating households and or communities are improved.	a) eight (8) courses held to train farmers in different gardening aspects b) 3,500 farmer participants trained c) 50 school gardens established/assisted d) 25 clinic gardens established/assisted	District Quarterly Reports " " "	Training courses/workshops impart skills and technologies that participants can easily adopt
3. Established home gardens and Village Garden Leaders form basis for project extension to other locations in the districts.	a) 250 Village Garden Leaders are elected and trained.	District Quarterly Reports	"
4. Increased availability of inputs such as seeds and other planting materials.	a) six (6) fruit tree nurseries established b) 3000 fruit trees are established in the project area c) 10% - 25% increased production and purchases of seeds and seedlings	District Quarterly Reports "	District staff cooperates to facilitate procurement of required inputs
5. Participating communities are trained in Nutrition related areas of food preparation and preservation	a) eight (8) training workshops held b) 3,500 people trained in food preparation and preservation skills	District quarterly reports	Training courses/workshops impart skills and technologies that participants can easily adopt
6. Improve MOA Nutrition Division's capacity to implement gardening and nutrition extension programs in the mountain areas	a) 16 Nutrition Assistants are placed in the program areas. b) District Senior Home Economics Assistants (SHEAs) spent 25% of their time monitoring program activities. c) The Nutrition Division has a full-time Nutrition Officer to manage the program	Project Coordinator's Reports	MOA has a budget to continue support to HGNP activities at both the Headquarters and district levels.

Inputs:

1. Technical Assistance (US\$ 587,000)	a) 24 person years long-term b) 3 person months short-term	Controller Records	Trained GOL (counterpart) staff and adequate recurrent costs are available.
2. Local (Operating) Costs (US\$ 495,000)	a) Travel and transport b) Operations and maintenance	Controller Records	
3. Commodities (US\$ 255,000)	a) vehicles, office furniture, computers and other equipment b) fencing & water development materials	Controller Records	
4. Training (US\$ 131,000)	a) 200 person months	Training Office Records and monitoring reports	
5. Evaluation (US\$ 33,000)	a) 2 person months	Evaluation Report	

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Annex B



Ministry of Agriculture,
Cooperatives and Marketing
P.O. Box 24
Maseru
Lesotho
March 30, 1992.

Ref. AG/PRO/67

Mr Furman Gary Towery
Director USAID
P.O. Box 333
Maseru 100

Dear Mr Towery,

Re: Proposed Small Scale Intensive Agriculture Production Project.

I refer to the on-going consultations between the Nutrition Division of the Department of Field Services in my Ministry, and representatives of USAID, on the possibility of continuing the Home Gardens Nutrition Program (HGNP) started as a pilot under the LAPIS Project.

As you know, the pilot phase has undergone an evaluation which demonstrated the success of the program in its attempt to improve household food security in the remote mountain areas of the country. We would like to build on this success to intensify the scope of activities of the program, and expand the geographic scope.

However, since the LAPIS project is now phasing out, an alternative mechanism for continuing this effort has to be identified. The purpose of this letter is to officially request assistance from USAID to develop the Small Scale Intensive Agriculture Production Project. Like its predecessor the new project would be implemented by our Nutrition Division with the assistance of Peace Cops Lesotho. Again, since this project will be the continuation of HGNP we would appreciate it very much if in addition to agriculture production the project also addresses nutrition aspect as it the mandate of Nutrition Division. We trust that the Government of the United States will favorably consider this request for assistance.

Yours sincerely,


R.L. Ntokoane
R.L. Ntokoane
Principal Secretary (Agric.)

PEACE CORPS



May 27, 1992

Mr. F. Gary Towery
Director
USAID
P O Box 333
Maseru 100

Dear Mr Towery:

Re: Small Scale Intensive Agriculture Production Project

I am writing with respect to the discussions underway between USAID and Peace Corps/Lesotho related to the above project. Please know that Peace Corps/Lesotho looks forward to cooperating with USAID in every way as this worthy project is implemented and operated. We especially look forward to assuming management responsibility for the project and are anxious to get started with this as soon the LAPIS project has completed its management duties for the successful pilot phase.

Our Associate Directors for Agriculture and Administration have given considerable attention to our responsibilities for project implementation, management and the cooperative supervision of program elements. We are of course, committed to the project and to performing responsibly and accountably. Having been quite deeply involved in the pilot (Home Gardens/Nutrition) phase through the participating volunteer network, our staff are convinced of the worthiness of the SSIAP.

Finally, please know that we appreciate the close working relationship with USAID officers during preparation for operations. We are especially appreciative of the time and thoughtfulness that Agriculture Officer Reintsma, GDO Wiitala and ADO Khadikane have put into the planning meetings which USAID and Peace Corps have had. We certainly look forward to continuing this close collaborative relationship throughout the life of the project.

Your sincerely,

A handwritten signature in black ink, appearing to read "Donovan Russell". The signature is written over a large, light-colored scribble or mark.

Donovan Russell
Country Director

SOURCE SELECTION INFORMATION - See FAR 3.104; DO NOT DISCLOSE ANNEX D
SENSITIVE COST INFORMATION

ANNEX D

Budget for SSIAPP

Catagory	FY-93	FY-94	FY-95	FY-96	FY-97	Total
PERSONNEL						
Project Coordinator	30000	31500	33075	34729	27783	157087
District Coordinators	60000	63000	66150	69458	45842	304449
Accountant./Admin. Ast.	11000	11550	12128	12734	10187	57598
						0
Sub-total	101000	106050	111353	116920	83812	519135

OPERATING EXPENSES

PCV Housing-	4000	4200	4410	4631	3056	20297
Field Team Tansport	9000	9450	9923	10419	6876	45667
Field Team Travel	2300	2415	2536	2663	1757	11671
Mang. Team Travel	1700	1785	1874	1968	1299	8626
Dst. Support Team Travel	5500	5775	6064	6367	4202	27908
Program Team Travel	1000	1050	1103	1158	764	5074
Information Team Travel	600	630	662	695	458	3044
Water Team Travel	700	735	772	810	535	3552
Vehicle O&M	32000	33600	35280	44100	29105	174085
Vehicle Insurance	6000	6300	6615	6946	4584	30445
Horz. Well Drilling Rig	15000	15750	16538	17364	11460	76112
Office Supplies	3000	3150	3308	3473	2300	15230
Printing	3000	2000	2000	1000	660	8660
Information Team Materials	1000	1050	1103	1158	770	5080
Model Garden Supplies	2000	2000	2000	500	330	6830
Extension Equipment	2000	2000	1000	1000	720	6720
						0
						0
Sub-total	88800	91890	95185	104250	68878	449002

CAPITAL EQUIPMENT

Vehicles	85000	60000	0	0	0	145000
Computers	6000	0	0	0	0	6000
Office Furniture	3000	0	0	0	0	3000
						0
						0
Sub-total	94000	60000	0	0	0	154000

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SENSITIVE COST INFORMATION

ANNEX D

Budget for SSIAPP

Catagory	FY-93	FY-94	FY-95	FY-96	FY-97	Total
TRAINING						
In-Service	15000	19000	20000	22000	14000	90000
VGL Training	5000	5500	6000	6000	6000	28500
Sub-total	20000	24500	26000	28000	20000	118500
COMMUNITY DEVELOPMENT						
Community Dev. Fund	7000	8000	9000	11000	4000	39000
Water Dev. Fund	7000	8000	9000	11000	4000	39000
Sub-total	14000	16000	18000	22000	8000	78000
OTHER						
Consultants	0	5000	5000	5000	0	15000
Evaluation	0	0	30000	0	0	30000
Sub-total	0	5000	35000	5000	0	45000
Sub-total for Project	317800	303440	285537	276170	180690	1363637
Contingencies 10%	31780	30344	28554	27617	18069	136364
TOTAL PROJECT COSTS	349580	333784	314091	303787	198759	1500000
	FY-93	FY-94	FY-95	FY-96	FY-97*	

Notes: based on 5% per annum inflation and 10% contingency

FY-97 is based on 9 months of activity (Oct-June)

Lesotho - FY1992

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable to the eligibility of countries to receive the following categories of assistance: (A) both Development Assistance and Economic Support Funds; (B) Development Assistance funds only; or (C) Economic Support Funds only.

A. COUNTRY ELIGIBILITY CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUND ASSISTANCE

1. Narcotics

a. Negative certification (FY 1991 Appropriations Act Sec. 559(b): Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully?

No

b. Positive certification (FAA Sec. 481 (h)). (This provision applies to assistance of any kind provided by grant sale, loan lease, credit, guaranty or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief narcotics education and awareness, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government):

Lesotho has not been defined as a "major illicit drug production country" or a "major drug transit country".

(1) does the country have in place a bilateral narcotics agreement with the United States, or a multilateral narcotic agreement?

(2) has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals agreed to in a bilateral narcotics agreement with the United States or in a multilateral agreement, to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, to prevent and punish drug profit laundering in the country, and to prevent and punish bribery and other forms of public corruption which facilitate production or shipment or illicit drugs or discourage prosecution of such acts, or that (b) that vital national interest of the United States require the provision of such assistance?

c. Government Policy (1986 Anti-Drug Abuse Act of 1986 Sec. 2013 (b)). (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h), has the President submitted a report to Congress listing such country as one: (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful

N/A See (1.b) above.

activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

2. Indebtedness to U.S. citizens (FAA Sec. 620(c): If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity?

a. No
b. No
c. No

3. Seizure of U.S. Property (FAA Sec. 620(e) (1): If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

No

4. Communist countries (FAA Secs. 620(a), 620(f), 620D; FY 1991 Appropriations Act Sec. 512, 545): Is recipient country a Communist country? If so, has the President: (a) determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, Iran or Syria? Will assistance be provided to or Syria? Will assistance be provided to Afghanistan without a certification, or Afghanistan without a certification, or will assistance be provided inside Afghanistan

No
N/A

through the Soviet-controlled government of Afghanistan?

5. Mob Action (FAA Sec. 620(j)): No
Has the country permitted, or failed to take adequate measures to prevent damage or destruction by mob action of U.S. property?

6. OPIC Invest Guaranty (FAA Sec. 620(1)): No
Has the country failed to enter into an investment guaranty agreement with OPIC?

7. Seizure of U.S. Fishing Vessels (FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5): No
(a) Has the country seized, or imposed any penalty or sanction against, any U. S. fishing vessel because of fishing activities in international waters? (b) If so, has ny deduction required by the Fishermen's Protective Act been made?

8. Loan Default (FAA Sec. 620(q); FY 1991 Appropriations Act Sec. 518 (Brooke Amendment)): No
(a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1991 Appropriations Act appropriates funds?

9. Military Equipment (FAA Sec. 620(s)): N/A
If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spend on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

10. Diplomatic Relations with U.S. (FAA Sec. 620(t)): No
Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have

new bilateral assistance agreements been negotiated and entered into since resumption?

11. U.N. Obligations (FAA Sec. 620(u)): What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearage taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.)

No arrearages.

12. International Terrorism

a. Sanctuary and support (FY 1991 Appropriations Act Sec. 556; FAA Sec. 620A): Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise support international terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons?

No
No

b. Airport Security (ISDCA of 1985 Sec. 552(b)). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures?

No

13. Discrimination (FAA Sec. 666(b)): Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

No

14. Nuclear Technology (FAA Secs. 669, 670): Has the country after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials or technology, without specified arrangements or safeguards, and without special certification by President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear

No

explosive device? If the country is a non-clear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

N/A

15. Algiers Meeting (ISDCA of 1981 Sec. 720): Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.)

Lesotho was represented at the meeting and did not disassociate itself from the communique. The President has taken this into consideration in setting the FY 1992 OYB.

16. Military Coup (FY 1991 Appropriations Act Sec. 513): Has the duly elected Head of Government of the country been deposed by military coup of decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?

No

17. Refugee Cooperation (FY 1991 Appropriations Act Sec. 539): Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin?

Yes

18. Exploitation of Children (FY 1991 Appropriations Act Sec. 599D, amending FAA Sec. 116): Does the recipient government fail to take appropriate and adequate measures, within its means to protect children from exploitation, abuse or forced conscription into military or paramilitary services?

No

B. COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO DEVELOPMENT ASSISTANCE ("DA")

1. Human Rights Violations (FAA Sec. 116): Has the Department of State determined that the country has engaged in a consistent pattern of gross violation of internationally recognized human rights? If so can it be demonstrated that contemplated assistance will directly benefit the needy? No
N/A

2. Abortions (FY 1991 Appropriations Act Sec. 535): Has the President certified that use of DFA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions to pay for the performance of involuntary sterilizations as a method of family planning to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a means a family planning? No

C. COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO ECONOMIC SUPPORT FUNDS ("ESF")

Human Rights Violations (FAA SEC. 502B): Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. National interest? N/A

Drafted: AFR/SA:RHaber: 6/15/92

Clearances:

AFR/SA:WELLIOTT WC 6/16/92

GC/AFR:MAKLEINJAN MAK 6/18/92

5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

AFR/SA will prepare country checklist prior to authorization.

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts
(FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to:
(a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

- (a) N/A;
- (b) Will encourage private initiative at the village level;
- (c) Will support communal gardens;
- (d) N/A;
- (e) Will improve vegetable and fruit production; and
- (f) N/A.

2. U.S. Private Trade and Investment
(FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

U.S. Private Sector may participate in project evaluation.

3. Congressional Notification

a. **General requirement** (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

N/A

b. **Notice of new account obligation** (FY 1991 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N/A

c. **Cash transfers and nonproject sector assistance** (FY 1991 Appropriations Act Sec. 575(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A

4. **Engineering and Financial Plans** (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Only minor construction activities (under \$5,000 per site and under \$500,000 overall).
(a) All plans have been completed;
(b) Detailed budget is included in Annex D.

5. **Legislative Action** (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action

N/A

will be completed in time to permit orderly accomplishment of the purpose of the assistance?

6. **Water Resources** (FAA Sec. 611(b); FY 1991 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

N/A

7. **Cash Transfer and Sector Assistance** (FY 1991 Appropriations Act Sec. 575(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. **Capital Assistance** (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N/A

9. **Multiple Country Objectives** (FAA Sec. 601(a)): Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

- (a) N/A;
- (b) Will encourage private initiative at the village level;
- (c) Will support communal gardens;
- (d) N/A;
- (e) Will improve vegetable and fruit production; and
- (f) N/A.

10. **U.S. Private Trade** (FAA Sec. 601(b)): Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

U.S. Private Sector may participate in project evaluation.

11. **Local Currencies**

a. **Recipient Contributions** (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

GOL and communities will contribute in kind approximately \$375,000. Waiver of 25% contribution has been requested.

b. **U.S.-Owned Currency** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

N/A

c. **Separate Account** (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N/A

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

12. Trade Restrictions

a. Surplus Commodities (FY 1991 Appropriations Act Sec. 521(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N/A

b. ~~Textiles~~ Textiles (Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of N/A

textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

13. **Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)):** Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas? N/A

14. **PVO Assistance** N/A

a. **Auditing and registration (FY 1991 Appropriations Act Sec. 537):** If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

b. **Funding sources (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"):** If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

15. **Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)):** Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). N/A

16. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Metric system is used locally. No specifications for U.S. market are required.

17. **Women in Development** (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Women farmers and their families are the principal beneficiaries.

18. **Regional and Multilateral Assistance** (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

No, this activity focuses on Lesotho mountain area development only.

19. **Abortions** (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525):

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? No

b. Will any funds be used to lobby for abortion? NO

20. **Cooperatives** (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life? No

21. **U.S.-Owned Foreign Currencies**

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services. GOL and communities will contribute in kind approximately \$375,000. Waiver of 25% contribution has been requested.

b. Release of currencies" (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No

22. **Procurement**

a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? U.S. small business may participate in project evaluation.

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him? Procurement from the U.S. will be to maximum practicable extent.

c. **Marine insurance** (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

N/A

d. **Non-U.S. agricultural procurement** (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

Seeds in small quantities will be purchased locally, as is practical.

e. **Construction or engineering services** (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA, and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

Project does not require firms for minor construction activities.

f. **Cargo preference shipping** (FAA Sec. 603)): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

No

g. **Technical assistance** (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the

Some private sector TA will be employed. However, project utilizes Peace Corps volunteers (PCVs) in mountain areas where they are located and have appropriate technical skills. PCV activity does not compete with local private sector.

facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

h. U.S. air carriers

(International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes

i. Termination for convenience of U.S. Government (FY 1991 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

U.S. Peace Corps must follow USG procurement rules, including contract termination for convenience of USG.

j. Consulting services

(FY 1991 Appropriations Act Sec. 524): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

N/A

k. Metric conversion

(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available? Are technical specifications adequate? Will A.I.D. technical specifications use metric units of measure from the earliest programmatic stages, and from the earliest

Metric system is used locally. No specifications for U.S. market are required.

documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

1. **Competitive Selection Procedures** (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

A PASA with Peace Corps will be used for the majority of technical requirements. Sub-contracting under the PASA will use competitive procedures for local and U.S. procurement as required.

23. **Construction**

a. **Capital project** (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N/A

b. **Construction contract** (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

c. **Large projects, Congressional approval** (FAA Sec. 620(k)): If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

N/A

24. **U.S. Audit Rights** (FAA Sec. 301(d)): If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

N/A

25. **Communist Assistance** (FAA Sec. 620(h)). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

Yes.

26. Narcotics

a. **Cash reimbursements (FAA Sec. 483):** Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes.

b. **Assistance to narcotics traffickers (FAA Sec. 487):** Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance? Yes.

27. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes.

28. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.

29. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? Yes.

30. Motor Vehicles (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? As permitted under the DFA, vehicles will be purchased from a code 935 country and justified on the basis of a need for right-hand drive.

31. **Military Personnel** (FY 1991 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes.

32. **Payment of U.N. Assessments** (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? Yes.

33. **Multilateral Organization Lending** (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes.

34. **Export of Nuclear Resources** (FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? Yes.

35. **Repression of Population** (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes.

36. **Publicity or Propoganda** (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propoganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propoganda purposes not authorized by Congress? No.

37. **Marine Insurance (FY 1991 Appropriations Act Sec. 563):** Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

Yes.

38. **Exchange for Prohibited Act (FY 1991 Appropriations Act Sec. 569):** Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

No.

B. **CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY**

1. **Agricultural Exports (Bumpers Amendment) (FY 1991 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment):** If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

(1) No, small home garden production will provide for local mountain consumption only;

(2) No.

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2. **Tied Aid Credits** (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

3. **Appropriate Technology** (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

4. **Indigenous Needs and Resources** (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

5. **Economic Development** (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

6. **Special Development Emphases** (FAA Secs. 102(b), 113, 281(a)): Describe extent to which activity will: (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries

No.

Appropriate agricultural techniques will be introduced to villagers to improve fruit and vegetable production.

This assistance builds on a pilot activity developed through the cooperation of government, villagers and Peace Corps and encourages local participation in garden development.

The activity is small scale and provides plans for villagers to expand the production of nutritious vegetables and fruits for basic need consumption.

(a) Assistance directly targets rural poor isolated communities to enable them to help themselves to provide basic food requirements;

(b) Local associations of gardeners are encouraged;

(c) Assistance directly encourages self-help efforts;

(d) Participation of women is strongly encouraged; most beneficiaries will be women and their children; and

and the improvement of women's status; and
(e) utilize and encourage regional
cooperation by developing countries.

(e) this is a local mountain,
not regional, effort.

7. Recipient Country Contribution
(FAA Secs. 110, 124(d)): Will the
recipient country provide at least 25
percent of the costs of the program,
project, or activity with respect to which
the assistance is to be furnished (or is
the latter cost-sharing requirement being
waived for a "relatively least developed"
country)?

Requirement is being waived
for Lesotho as a relatively
least developed country.

8. Benefit to Poor Majority (FAA
Sec. 128(b)): If the activity attempts to
increase the institutional capabilities of
private organizations or the government of
the country, or if it attempts to
stimulate scientific and technological
research, has it been designed and will it
be monitored to ensure that the ultimate
beneficiaries are the poor majority?

Beneficiaries are the
majority of rural poor
mountain dwellers.

9. Abortions (FAA Sec. 104(f); FY
1991 Appropriations Act, Title II, under
heading "Population, DA," and Sec. 535):

N/A

a. Are any of the funds to be
used for the performance of abortions as a
method of family planning or to motivate
or coerce any person to practice
abortions?

b. Are any of the funds to be
used to pay for the performance of
involuntary sterilization as a method of
family planning or to coerce or provide
any financial incentive to any person to
undergo sterilizations?

c. Are any of the funds to be
made available to any organization or
program which, as determined by the
President, supports or participates in the
management of a program of coercive
abortion or involuntary sterilization?

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services?

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning?

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

10. Contract Awards (FAA Sdc. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes, except for procurement of Peace Corps services under a PASA arrangement.

11. Disadvantaged Enterprises (FY 1991 Appropriations Act Sec. 567): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

A small portion of funds may finance the services of such an entity to conduct a project evaluation.

12. **Biological Diversity** (FAA Sec. 119(g): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

(a) Techniques to be introduced will encourage land conservation which, in turn, supports retention of biological species;

(b) No;

(c) No; and

(d) No.

13. **Tropical Forests** (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c)-(e) & (g)):

a. **A.I.D. Regulation 16:** Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

Yes, the IEE has a negative determination.

b. **Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions

No, Lesotho has no tropical forests.

which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

- c. Forest degradation: Will assistance be used for:
- (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (1) No;
 - (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (2) No;
 - (3) activities which would result in the conversion of forest lands to the rearing of livestock; (3) No;
 - (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded (4) No.

forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

(5) No; and
(6) No.

d. Sustainable forestry: If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

N/A

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

No environmental impact studies are required as determined by the IEE.

14. Energy (FY 1991 Appropriations Act Sec. 533(c)): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. Sub-Saharan Africa Assistance (FY 1991 Appropriations Act Sec. 562, adding a new FAA chapter 10 (FAA Sec. 496)): If assistance will come from the Sub-Saharan Africa DA account, is it: (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) to be used to promote sustained economic growth, encourage

(a) Assistance targets poor rural majority mountain dwellers in participatory and environmentally sustainable activities;

(b) Encourages local initiative in self-help garden activities;

private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector; (c) to be provided in a manner that takes into account, during the planning process, the local-level perspectives of the rural and urban poor, including women, through close consultation with African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) to be implemented in a manner that requires local people, including women, to be closely consulted and involved, if the assistance has a local focus; (e) being used primarily to promote reform of critical sectoral economic policies, or to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities; and (f) to be provided in a manner that, if policy reforms are to be effected, contains provisions to protect vulnerable groups and the environment from possible negative consequences of the reforms?

(c) Project builds on pilot which effectively involved various communities and mostly women in garden activities;

(d) Local people are extensively involved in village garden activities;

(e) Assistance supports increased agricultural production;

and

(f) This is not a policy program.

16. **Debt-for-Nature Exchange** (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

17. **Deobligation/Reobligation**
(FY 1991 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified? N/A

18. **Loans** N/A

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

b. **Long-range plans** (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

c. **Interest rate** (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?

d. **Exports to United States** (FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

19. **Development Objectives** (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from

(1) Assistance targets and involves rural poor mountain majority in garden development for local consumption;

cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

20. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

a. **Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

b. **Nutrition:** Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

(2) Project does not focus on cooperative development, but encourages cooperation of villagers in gardening activities.

(3) Project directly encourages self-help efforts;

(4) Project encourages involvement of women and most beneficiaries are women and their families; and

(5) This is local, not regional, activity.

Project gardening activity targets increased productivity as food for local consumption; some income is derived from local sale of surplus. Techniques are appropriate for small garden plots.

Through the increased production and local consumption of nutritious vegetables and fruits, the project contributes to improved nutrition among the mountain people. Demonstration of and training on nutrition are included in village garden activities.

c. **Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

Project contributes to the increased production of nutritious foods in mountain areas and also introduces food preservation techniques.

21. **Population and Health** (FAA Secs. 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

N/A

22. **Education and Human Resources Development** (FAA Sec. 105): If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

N/A

23. **Energy, Private Voluntary Organizations, and Selected Development Activities** (FAA Sec. 106): If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

N/A

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

c. research into, and evaluation of, economic development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

Annex G - Analysis No. 1

Technical Analysis

Small Scale Intensive Agricultural Production Project (SSIAP) is a follow-on activity to the successful pilot Home Garden Nutrition Program (HGNP) was initiated by the Ministry of Agriculture Nutrition Division in 1989 with technical assistance provided by the Peace Corps. SSIAP will refine and replicate home gardening activities using the same low-cost intensive gardening techniques. The objective of this pilot program was to improve the nutritional status of selected mountain communities through home gardening and nutrition education.

The primary activities of this pilot were:

- Home gardening extension and nutrition education at the village level,
- Teaching mothers improved weaning methods,
- Food preparation, and
- Food preservation.

Peace Corps/Lesotho evaluated the program in 1991. The evaluation concluded that "the HGNP has made commendable progress in the areas of establishment of Field Teams, vegetable production, training of field staff, supply of inputs and community development". The Field Teams (composed of MOA Nutrition Assistants and Peace Corps Volunteers) were described as dedicated, enthusiastic and hard working. The teams have good rapport with the project beneficiaries and the general community. The pilot effort of the HGNP has successfully introduced improved home gardening and post-harvest utilization techniques in targeted locations. The program activities were located in existing Nutrition Division field sites in the districts of Thaba Tseka and Qacha's Nek. Project activities will expand to a third district under SSIAP.

Field Team made up of Nutrition Assistants and Peace Corps Volunteers will have specialized training in nutrition and horticulture production. Peace Corps Volunteers will undergo pre-service training in horticulture production, Sesotho language and cross cultural experiences.

Based on the experience with HGNP, Field Teams will continue to use demonstration gardens for the basis of their extension work. Each demonstration garden area will set aside a portion of the plot to grow five varieties of vegetables that are to be introduced to the farmers. Farmers will be encouraged to grow fruits and vegetables beyond their immediate subsistence needs and to sell locally surplus production. A modest level of supplemental income will be derived from these sales.

Two methods for lengthening the gardening season in the mountain areas will be promoted: (1) plastic to cover vegetable plots (grow tunnels) and (2) the use of seedlings trays (taken indoors during cold spring nights. A standardized winter cropping plan will also be developed to encourage winter gardening. Field Teams will initially demonstrate winter cropping techniques on the extension plots.

Increased emphasis will be given to fruit tree production. Under HGNP Field Team have worked to link farmers with the MOA fruit tree distribution services in the districts, it was done on an individual basis. Under SSIAP more fruit tree production activities will be incorporated into the training programs and more effort will be directed toward coordinating farmers and MOA services to facilitate increased fruit tree distribution at all field sites.

The use of small low-cost supplemental irrigation systems to increase productivity and extend the growing season will be encouraged. Two water development units will be established and staffed by specialist Peace Corps Volunteers to develop water sources and delivery systems.. Surface water catchments and horizontal well drilling will be used to obtain water for irrigation. Pilot water developments were tested under HGNP which included developing an approach to include beneficiary participation in construction, procedures for purchasing equipment, and surveying potential sites. SSIAP will provide support by funding up to 75% of the equipment costs. The estimated cost of most systems is between 300 to 900 Maloti (\$100 - \$300).

Field Teams will continue to provide nutrition information to interested community members. Most nutrition education activities have been focused on children under five years, because this group has been statistically proven to be the most vulnerable.

Technologies for food preservation will be tested, refined and expanded. These will include fruit and vegetable drying and canning. Underground cold storage is another method that will be tested and introduced if appropriate. Field Teams will be experimenting with a variations of the root cellars to determine which levels of technology are most appropriate.

A low-cost labor intensive technical package will be encouraged. SSIAP will advocate the use of organic fertilizers and integrated pest management.

Several training programs and related instructional materials for pre- and in-service training have been prepared under HGNP. Staff at all levels and Village Garden Leaders (VGL) have received training. Farmer level training provide opportunities for MOA and Field Teams to gain experience in conducting workshops. Training courses will also be offered for the Field Teams and the VGLs who will work as community organizers to lead village planning groups.

A comprehensive technical implementation manual covering all major aspects of a home garden program was prepared by the Peace Corps in 1991. This document includes sections on (1) identification and training of VGLs, (2) field planning and reporting, (3) technical fruit and vegetable production guidelines, (4) procedures for water resource development, (5) demonstration gardens, and (6) extension techniques. This manual was based on the initial experience with the pilot HGNP and will serve as the operational manual for the Field Teams.

SSIAP will build on the experience and knowledge gained during implementation, and will continue to share its technical knowledge to all interested gardeners through a regularly broadcasted radio program which started in late 1991.

The timely supply of agricultural inputs is critical to the success of the project. A seed order program was developed under HGNP which will be continued during SSIAP. Local retail outlets will be encouraged to stock inputs. The liberalizing of input distribution by ending Coop Lesotho's monopoly on agricultural input supply will encourage private sector participation in input supply. Furthermore, increased training will be offered to farmers in seed saving techniques.

Annex G - Analysis No. 2

Financial Analysis

The financial analysis is based upon experience from the on-going home garden activities under the Home Gardens Nutrition Program (HGNP). Experience from this program indicates that the average home garden is approximately forty square meters. Typically households in the past have devoted most of their garden to cabbage and some to beetroot. Participants in the HGNP have been able to intensify production and prolong the growing season such that they are able to produce the same amount of cabbage on half of the garden area as before, leaving the remaining twenty square meters for other crops. The approach taken under the HGNP has been to use these remaining twenty square meters to introduce a variety of new crops.

For this analysis it was assumed that 60 percent (or 24 square meters) of the garden area is used to produce the same amount of vegetables the entire garden was producing prior to project assistance and that production on the remaining 40 percent (16 square meters) constitutes the increase in benefits to participants. Hence, in order to measure the net benefits of vegetable production through participation in the SSIAPP the analysis examines the costs and benefits associated with production on 16 square meters of garden space.

As experienced through the HGNP, participating gardeners are generally encouraged to produce kale and mustard, which have proven to grow well in the mountains of Lesotho and which also fit the taste preferences of the Basotho. Hence, out of the 16 square meter area under study, 4 square meters would typically be used to produce kale and 4 square meters would be used to produce mustard. From this area the gardener would yield around 60 bunches of kale and 80 bunches of mustard which sell for M1.20 and M1.00 per bundle, respectively. Hence the total value of this produce would be M154.

The remaining 8 square meters would be used to produce a variety of crops consisting of; green beans, carrots, squash, collards, tomatoes, swiss chard and beetroot. Since it is difficult to determine a typical crop mix and aggregate yields and prices for these crops, it was assumed that the total value of these crops would at least be equal to the value of the kale and mustard. Therefore, the total value of production for the 16 square meters was estimated to be M304. In addition, HGNP participants are encouraged to intercrop companion plants (such as onions) with their cabbage. The value of this production was estimated be around M50. Based upon these estimates the total value of the increase in

¹This analysis is only concerned with the value of production and makes no assumptions regarding how much of this produce is sold or consumed by the household, school or clinic.

vegetable production expected to result from the SSIAPP is M354.

The SSIAPP has established targets of working with 3,500 individual gardens, 50 school gardens and 25 gardens located at clinics over the life of the project. It was assumed for this analysis that the numbers of individual gardeners reached through the project would increase incrementally beginning with 700 the first year, 1,400 the second year and continuing until year 5 of the project when 3,500 individual household gardens have been assisted through the project. Similar incremental increases were assumed for school gardens (10 per year) and clinics (5 per year) while the garden areas were estimated to be approximately twice the size of individual household gardens.

As shown in Table 1.1, a value of M354 per garden was used as the gross additional returns provided to individual household gardens. In year 1 the additional value of vegetable production is estimated to be M247,800 ($M354 \times 700$) for individual gardens, M7,080 ($M354 \times 2 \times 10$) for school gardens and M 3,540 ($M354 \times 2 \times 5$) for clinics. By the end of project, year 5, these gross additional returns are expected to increase to M1,239,000 ($M354 \times 3,500$), M35,400 ($M354 \times 2 \times 50$) and M17,700 ($M354 \times 2 \times 25$) respectively. It was assumed that these returns would continue at the same level for 25 years.

In addition to increasing the production of garden vegetables, the SSIAPP will also assist in increasing fruit production in project areas. The project will continue activities conducted under the HGNP which focused on increasing the production of existing fruit trees through better pruning techniques. It was estimated that production on these trees (mainly peaches) generally doubles as a result of improved management. A value of M5 per tree, which is considered to be very conservative, was used to value the increase in benefit from the trees. On average each household has 5 trees, thus the benefit per participating household is M25. In Table 1.1 this is included in gross additional returns to existing trees, per household participating in the project. It is assumed that on average the trees can maintain this production level until year 15.

One of the criticisms of the HGNP was that it did not place enough emphasis on fruit production. As a result the SSIAPP is designed to give more attention to increasing fruit production by actively assisting participants to establish and manage new fruit trees. It is stipulated that the 15 project field teams would work with 5 farmers each, per year, to plant 4 peach and 4 apple trees, amounting to 600 ($15 \times 5 \times 8$) new trees per year. The value of total production from these trees at maturity was conservatively estimated to be M20. It was also assumed that the trees would yield one-third capacity in year 4, two-thirds in year 5 and full yield by year 6. Table 1.1 shows that the 600 trees planted in year 1 would begin to have one-third value ($600 \times M20 \times 0.333$) in year four, while full production from all new trees would not be reached until year 10, four years after the project is completed.

Since these returns are modest, it is expected that these yields could be maintained for 25 years.

The returns from increasing production of existing and new trees was combined and added to the gross returns from vegetable production to obtain the total additional gross returns from the project (Table 1.1).

Additional cost to participants from participating in the project arise from participating in the establishment of an irrigation system, the value of their labour, the purchase of inputs and replacement costs for capital items (mainly hand tools). It is estimated that the project will establish 10 irrigation systems per year which cost M300 each. Participants are expected to pay 25% of these costs, which amounts to M750 per year. The value of participant labour provided on the 16 square meters of garden space was estimated to be worth approximately M75. This is based upon similar garden projects which valued family labour on a 100 square meter garden at M460. Labour costs per garden were doubled for schools and clinics since the size of these gardens is assumed to be twice the size of the individual household gardens.

The participants in the home gardens program are encouraged to use manure instead of chemical fertilizers and are discouraged from using pesticides. Hence, the major input costs are for seeds and perhaps the value of the manure used. Experience from the HGNP shows that these costs are minimal, with the cost of seeds generally under M10. Hence a cost of M40 was used to cover all input costs and annual replacement costs of any capital items (mainly hand tools). As above, these costs were doubled for schools and clinics.

The total additional costs were subtracted from the total additional returns to obtain total net benefits to the participants of the project. Over a twenty-five year period these benefits add up to a total of M22.2 million. Net annual increase in benefits to individual household gardens from participating in the project would range from approximately M240 to M280 per year. These net benefits would be approximately M478 for schools and clinics.

Total project costs from USAID, GOL and Peace Corps is expected to be M7.2 million. These costs were deducted from the total net benefits accruing to participants to obtain the overall net benefits to the project. As illustrated in Table 1.1, the net benefits total M15.0 million over a twenty-five year period. The benefit-cost ratio is 3.08, the IRR is 15.0% and the NPV at 8% is M3.0 million, which indicate that the project is favourable from a financial perspective. In addition, it should be emphasized that the benefits measured here do not include any additional benefits which are likely to arise from observers adopting improved gardening techniques of project participants (demonstration effect).

TABLE 1.1

SSIAPP FINANCIAL ANALYSIS

MALOTI

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
GROSS ADDITIONAL RETURNS:														
Vegetable Crops:														
Individual Gardens (3,500)	247,800	495,600	743,400	991,200	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000
Schools (50)	7,080	14,160	21,240	28,320	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Clinics (25)	3,540	7,080	10,620	14,160	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700
Total Vegetables	258,420	516,840	775,260	1,033,680	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100
Fruit Trees:														
Individuals, Schools & Clinics:														
Old Trees	17,500	35,000	52,500	70,000	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500
New Trees	0	0	0	4,000	12,000	24,000	36,000	48,000	56,000	60,000	60,000	60,000	60,000	60,000
Total Fruit	17,500	35,000	52,500	74,000	99,500	111,500	123,500	135,500	143,500	147,500	147,500	147,500	147,500	147,500
TOTAL ADDITIONAL GROSS RETURNS	275,920	551,840	827,760	1,107,680	1,391,600	1,403,600	1,415,600	1,427,600	1,435,600	1,439,600	1,439,600	1,439,600	1,439,600	1,439,600
ADDITIONAL COSTS:														
Irrigation @ 25% of cost (10 per year/M300 ea.)	750	750	750	750	750	0	0	0	0	0	0	0	0	0
Individual Garden Labor	52,500	105,000	157,500	210,000	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500
School labor	1,500	3,000	4,500	6,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Clinic labor	750	1,500	2,250	3,000	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Input & Replacement Costs:														
Individual Gardens (3,500)	28,000	56,000	84,000	112,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Schools (50)	800	1,600	2,400	3,200	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Clinics (25)	400	800	1,200	1,600	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL ADDITIONAL COSTS	84,700	168,650	252,600	336,550	420,500	419,750	419,750	419,750	419,750	419,750	419,750	419,750	419,750	419,750
TOTAL ADDITIONAL NET BENEFITS	191,220	383,190	575,160	771,130	971,100	983,850	995,850	1,007,850	1,015,850	1,019,850	1,019,850	1,019,850	1,019,850	1,019,850
TOTAL PROJECT COSTS	1,442,000	1,442,000	1,442,000	1,442,000	1,442,000	0	0	0	0	0	0	0	0	0
TOTAL NET PROJECT BENEFITS	(1,250,780)	(1,058,810)	(866,840)	(670,870)	(470,900)	983,850	995,850	1,007,850	1,015,850	1,019,850	1,019,850	1,019,850	1,019,850	1,019,850
BENEFITS/COSTS	3.081		IRR	0.150										
NPV @ 6%	4,656,894													
NPV @ 8%	2,997,057													
NPV @ 10%	1,795,768													
NPV @ 12%	917,062													

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SSIAPP FINANCIAL ANALYSIS

MALOTI

	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	TOTAL
GROSS ADDITIONAL RETURNS:												
Vegetable Crops:												
Individual Gardens (3,500)	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	28,497,000
Schools (50)	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	814,200
Clinics (25)	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	407,100
Total Vegetables	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	1,292,100	29,718,300
Fruit Trees:												
Individuals, Schools & Clinics:												
Old Trees	87,500	0	0	0	0	0	0	0	0	0	0	1,137,500
New Trees	60,000	60,000	60,000	60,000	60,000	60,000	56,000	48,000	36,000	24,000	12,000	1,016,000
Total Fruit	147,500	60,000	60,000	60,000	60,000	60,000	56,000	48,000	36,000	24,000	12,000	2,153,500
TOTAL ADDITIONAL GROSS RETURNS	1,439,600	1,352,100	1,352,100	1,352,100	1,352,100	1,352,100	1,348,100	1,340,100	1,328,100	1,316,100	1,304,100	31,871,800
ADDITIONAL COSTS:												
Irrigation @ 25% of cost (10 per year/300 ea.)												
Individual Garden Labor	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	6,037,500
School labor	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	172,500
Clinic labor	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	86,250
Input & Replacement Costs:												
Individual Gardens (3,500)												
Schools (50)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	92,000
Clinics (25)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	45,000
TOTAL ADDITIONAL COSTS	419,750	419,750	419,750	419,750	419,750	419,750	419,750	419,750	419,750	419,750	419,750	9,658,000
TOTAL ADDITIONAL NET BENEFITS	1,019,850	932,350	932,350	932,350	932,350	932,350	928,350	920,350	908,350	896,350	884,350	22,213,800
TOTAL PROJECT COSTS	0	0	0	0	0	0	0	0	0	0	0	7,210,000
TOTAL NET PROJECT BENEFITS	1,019,850	932,350	932,350	932,350	932,350	932,350	928,350	920,350	908,350	896,350	884,350	15,003,800

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SSIAPP FINANCIAL ANALYSIS

MALOTI

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Individual Gardens														
Gross Returns	379	379	379	380	382	386	389	393	395	396	396	396	396	396
Costs	116	116	115	115	115	115	115	115	115	115	115	115	115	115
Net Benefits	263	263	264	265	267	271	274	278	280	281	281	281	281	281
Schools														
Gross Returns	708	702	708	708	708	708	708	708	708	708	708	708	708	708
Costs	230	230	230	230	230	230	230	230	230	230	230	230	230	230
Net Benefits	478	478	478	478	478	478	478	478	478	478	478	478	478	478
Clinics														
Gross Returns	708	708	708	708	708	708	708	708	708	708	708	708	708	708
Costs	230	230	230	230	230	230	230	230	230	230	230	230	230	230
Net Benefits	478	478	478	478	478	478	478	478	478	478	478	478	478	478

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SSIAPP FINANCIAL ANALYSIS

MALOTI

	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	TOTAL
Individual Gardens												
Gross Returns	395	371	371	371	371	371	370	358	364	361	357	12,260
Costs	115	115	115	115	115	115	115	115	115	115	115	3,705
Net Benefits	281	256	256	256	256	255	255	253	249	246	242	8,556
Schools												
Gross Returns	708	708	708	708	708	708	708	708	708	708	708	16,284
Costs	230	230	230	230	230	230	230	230	230	230	230	5,290
Net Benefits	478	478	478	478	478	478	478	478	478	478	478	10,994
Clinics												
Gross Returns	708	708	708	708	708	708	708	708	708	708	708	16,284
Costs	230	230	230	230	230	230	230	230	230	230	230	5,290
Net Benefits	478	478	478	478	478	478	478	478	478	478	478	10,994

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Annex G - Analysis No. 3

Economic Analysis

The objective of economic analysis is to help assess the viability of the project from a national perspective, trace real resource flows engendered by the project and determine the appropriateness of investing national resources in the project. This involves adjusting the financial prices of project inputs, outputs and other relevant variables to economic values and incorporating the impacts of externalities. Economic analysis considers shadow foreign exchange rates, opportunity costs of transfers, traded items and non-traded items, and import and export parity prices to determine economic benefits and costs which are used to project budgets for computing economic benefit-cost measures.

The financial analysis assumed that the situation of vegetable production will remain at the level induced by the HGNP without SSIAP interventions. Consequently the incremental benefits and costs analysed correspond to those obtained from a "with" and "without" project situation. The analysis was done in constant prices based on the production budget in the financial analysis.

Adjustments for economic analysis

Imported inputs: The SSIAP is planned to be a low-input intervention, utilizing mainly non-traded inputs, with several unquantifiable benefits and targeted to home consumption. The major imported inputs are vegetable seeds and equipment for small-scale gravity-fed low-pressure sprinkler irrigation systems. These inputs are imported from the Republic of South Africa (RSA) whose currency, the Rand, is exchanged at par value with the Loti and is legal tender in Lesotho. Hence, the exchange rate of the Loti was not adjusted to reflect overvaluation with respect to the Rand. The financial value of seed in the mountain districts is unsubsidized and includes a 20 percent surcharge for mailing the seed from the Maseru Garden Centre. Consequently, the market price equals the import parity price. The total input cost of M40 per home garden participant used in the financial analysis also included the cost of fruit seedlings for new tree plantings. It is likely that the project will establish micro-nurseries for fruit tree seedlings at various project sites. Also, it is difficult to estimate the value of any price subsidy on the seedlings obtained from the Crops Division. Hence, no adjustment was made to obtain the import parity cost of seedlings. The import parity cost of irrigation equipment was obtained by adjusting the unsubsidized financial price upwards by 10 percent to account for the cost of transporting the equipment to the project sites. Sprinkler equipment will be replaced after 14 years.

Land: As indicated in the financial analysis, participating farmers will apply project interventions on 16 square meters of land saved through intensification of production on existing plots and which will not be utilized without the project. Hence, the opportunity cost of land was assumed to be zero and any increase in its value due to the project was assumed to be captured in its output.

Labor: Labor is unemployed or underemployed without the project. Hence, the opportunity costs of household or clinic voluntary labor and school labor were assumed to be 30 percent and 10 percent, respectively, of the financial values. The financial values of labor were M75 per plot for the gardens and M5 per day for irrigation works. It was assumed that the value of a unit of labor on a home garden is the same as that on school and clinic gardens. As in the financial analysis, garden labor costs were doubled for schools and clinics. It was estimated that the labor input in constructing a sprinkler irrigation system is 1000 person-days and 80 person-days for replacement.

Manure: The major non-traded domestically produced input is manure. The opportunity cost of manure is high in the mountain regions as fuel source. However, the MOA has not recommended levels for use on gardens and gardeners apply varying rates. Thus, it was difficult to quantify amounts used in gardening. Consequently, the economic value of manure used on the gardens was not factored in the analysis.

Project outputs: The project products are potential import substitutes but were not valued at import parity prices in the economic analysis. Apart from cabbage, no vegetables are imported in significant quantities into the project area. Total annual project output of the two major products, kale and mustard, is expected to be at least 400 MT. But this level of production is not expected to exert a significant influence on vegetable prices in the project regions because the two products are not substitutes for the major vegetable, cabbage, which is consumed widely in Lesotho. Also, this level of incremental project output was considered to be small in relation to the total market for vegetables. Furthermore, there is little trading in vegetables in the project area. Consequently, the financial value of vegetables were used in the economic analysis.

Impact on government budget: The direct monetary impact of the project on the government budget is mainly salary and wage expenditures for MOA staff and MOA office space used in the project. The Ministry's contribution during the life of the project will be M1.05 million (\$375,000). This is a portion of the budget of the Nutrition Division and is expected to cover the cost to GOL of funding MOA staff necessary to adequately cover the entire project area over the 5-year period.

After 1977, further expansion of project production technologies is expected to be through new gardeners adopting techniques from project participants, with little MOA staff involvement.

Contingencies: The contingency allowance of \$150,000 in the project budget was for physical contingencies and hence, was included in the economic analysis.

Unquantifiable impacts: The project will yield several secondary and intangible effects which, if quantified, will greatly enhance project benefits. Major secondary benefits include the expected improvement in the nutrition and health status of 3,500 individual project participants, mostly women, as well as the beneficiaries of the schools and clinics gardens. It is expected that more people will adopt the project interventions than targeted for direct extension under the project due to

demonstration effects. Also, the catchment structures of the sprinkler irrigation systems will provide drinking water to villages. The biodiversity of local vegetables varieties will be enhanced through the introduction of new cultivars. The institutional capability of the Nutrition Department to plan and implement development projects will be significantly enhanced. One of the possible long-lasting secondary benefits of the project is the expected development of local-level private sector agricultural input and other service supply capabilities. The households in the project area, especially women, are expected to benefit from food preservation skills they will learn from project staff. These skill will be part of the educational benefits of access to MOA and other project staff. Another set of secondary benefits will be those from group formation at the village-level. Although these additional project benefits are numerous and significant, they are difficult to quantify and were excluded from the economic analysis.

Due to the small-scale and low-input nature of production under the project, the external costs of the project are extremely limited and could hardly be identified. Hence, they were not considered in the economic analysis.

Results of Economic Analysis

Table 1.2 shows the results of the economic analysis. The results are very favorable for the project: the net present value (NPV) of incremental project benefits is positive, the benefit/cost ratio is greater than one and the economic rate of return (ERR) is high. The benefit-cost ratio is 3.68 and the ERR is 18.8 percent. The NPV is M4.7 million at 8% discount rate and M2.1 million at 12% discount rate. Thus, the project is socially profitable, represents a sound investment of economic resources and will yield a favourable economic rate of return.

TABLE 1.2

SSIAPP ECONOMIC ANALYSIS

MALOTI

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
GROSS ADDITIONAL RETURNS:														
Vegetable Crops:														
Individual Gardens (3,500)	247,800	495,600	743,400	991,200	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000
Schools (50)	7,030	14,160	21,240	28,320	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Clinics (25)	3,540	7,080	10,620	14,160	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700
Total Vegetables	258,420	516,840	752,260	1,033,680	1,292,100									
Fruit Trees:														
Individuals, Schools & Clinics:														
Old Trees	17,500	35,000	52,500	70,000	87,500	87,500	37,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500
New Trees	0	0	0	4,000	12,000	24,000	36,000	48,000	56,000	60,000	60,000	60,000	60,000	60,000
Total Fruit	17,500	35,000	52,500	74,000	99,500	111,500	123,500	135,500	143,500	147,500	147,500	147,500	147,500	147,500
TOTAL ADDITIONAL GROSS RETURNS	275,920	551,840	827,760	1,107,680	1,391,600	1,403,600	1,415,600	1,427,600	1,435,600	1,439,600	1,439,600	1,439,600	1,439,600	1,439,600
ADDITIONAL COSTS:														
Irrigation equip. & replacement	1,050	1,050	1,050	1,050	1,050	0	0	0	0	0	0	0	0	0
Irrigation constr. labor	15,000	15,000	15,000	15,000	15,000	0	0	0	0	0	0	0	0	0
Individual Garden Labor	15,750	31,500	47,250	63,000	78,750	78,750	78,750	78,750	78,750	78,750	78,750	78,750	78,750	78,750
School garden labor	150	300	450	600	750	750	750	750	750	750	750	750	750	750
Clinic garden labor	225	450	675	900	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Input & Replacement Costs:														
Individual Gardens (3,500)	28,000	56,000	84,000	112,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Schools (50)	800	1,600	2,400	3,200	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Clinics (25)	400	800	1,200	1,600	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL PRODUCTION ADDITIONAL COSTS	61,375	106,700	152,025	197,350	242,675	226,625								
TOTAL ADDITIONAL NET BENEFITS	214,545	445,140	675,735	910,330	1,148,925	1,176,975	1,188,975	1,200,975	1,208,975	1,212,975	1,212,975	1,212,975	1,212,975	1,212,975
TOTAL PROJECT COSTS	1,442,000	1,442,000	1,442,000	1,442,000	1,442,000	0								
TOTAL NET PROJECT BENEFITS	(1,227,455)	(996,860)	(766,265)	(531,670)	(293,075)	1,176,975	1,188,975	1,200,975	1,208,975	1,212,975	1,212,975	1,212,975	1,212,975	1,212,975
BENEFITS/COSTS	3.683		IRR	0.188										
NPV @ 6%	6,708,508													
NPV @ 8%	4,659,304													
NPV @ 10%	3,165,641													
NPV @ 12%	2,063,443													

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	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	TOTAL
GROSS ADDITIONAL RETURNS:												
Vegetable Crops:												
Individual Gardens (3,500)	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000	28,497,000
Schools (50)	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	814,200
Clinics (25)	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	407,100
Total Vegetables	1,292,100	29,718,300										
Fruit Trees:												
Individuals, Schools & Clinics:												
Old Trees	87,500	0	0	0	0	0	0	0	0	0	0	1,137,500
New Trees	60,000	60,000	60,000	60,000	60,000	60,000	56,000	48,000	36,000	24,000	12,000	1,016,000
Total Fruit	147,500	60,000	60,000	60,000	60,000	60,000	56,000	48,000	36,000	24,000	12,000	2,153,500
TOTAL ADDITIONAL GROSS RETURNS	1,439,600	1,352,100	1,352,100	1,352,100	1,352,100	1,352,100	1,348,100	1,340,100	1,328,100	1,316,100	1,304,100	31,871,800
												0
ADDITIONAL COSTS:												
Irrigation equip. & replacement	3,300	3,300	3,300	3,300	3,300	0	0	0	0	0	0	21,750
Irrigation constr. labor	1,200	1,200	1,200	1,200	1,200	0	0	0	0	0	0	81,000
Individual Garden Labor	78,750	78,750	78,750	78,750	78,750	78,750	78,750	73,750	78,750	78,750	78,750	1,811,250
School garden labor	750	750	750	750	750	750	750	750	750	750	750	17,250
Clinic garden labor	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	25,875
Input & Replacement Costs:												
Individual Gardens (2,500)	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	3,220,000
Schools (50)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	92,000
Clinics (25)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	46,000
TOTAL PRODUCTION ADDITIONAL COSTS	231,125	231,125	231,125	231,125	231,125	226,625	226,625	226,625	226,625	226,625	226,625	5,315,125
												0
TOTAL ADDITIONAL NET BENEFITS	1,208,475	1,120,975	1,120,975	1,120,975	1,120,975	1,125,475	1,121,475	1,113,475	1,101,475	1,089,475	1,077,475	26,556,675
TOTAL PROJECT COSTS	0	7,210,000										
TOTAL NET PROJECT BENEFITS	1,208,475	1,120,975	1,120,975	1,120,975	1,120,975	1,125,475	1,121,475	1,113,475	1,101,475	1,089,475	1,077,475	19,346,675

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Annex G - Analysis No. 4

Social Soundness/Gender Considerations

1. Socio-Cultural Context

The Basotho are a settled agricultural people with a patrilineal descent system and a strong tradition of livestock and crop production. As in the rest of the country, the population of the three mountain districts is overwhelmingly rural, living in villages which vary from 40 to 1,000 inhabitants and are perched on hillsides above agricultural fields. The basic social unit is the household which contains 4.4 de facto members. Men are the heads of over 72% of Basotho households, but because of the large number of absent migrant mine workers, approximately 60 per cent of rural households are either headed or managed by women.

Throughout Lesotho, livestock and field crop agriculture are the main economic activities, but an average size land holding of two hectares or less supplies for crop production provides only 50-60 percent of a household's food requirements. The difference is made up by remittances and the income from other economic activities like livestock, brewing and gardening. Female headed households have significantly lower both income and expenditure than male headed households. Much of the land in the mountain districts is communal grazing land. Land poor families who predominate in the mountains produce even less. Over 16% of rural households lack both livestock and fields.

The production deficit has a negative effect on nutrition. Food purchases tend to center on lower priced foods with low nutritional value. Caloric needs are met, but an over-reliance on maize in particular and cereals in general and under consumption of fruits, vegetables and livestock products result in both seasonal and chronic dietary deficiencies. Rates of malnutrition are worst among children living in the mountains.

A good opportunity exists to address these problems by working to develop farmers' interests in horticulture. Home gardening is a twentieth century innovation in Basotho culture. Introduced by missionaries, household vegetable gardens and fruit trees have developed and spread because of land and food shortages. Periodic agricultural censuses since 1970 show steady growth in the number of households practising gardening to the point where home gardens are a major element in the household economy.

Home gardens are prevalent in the mountains, but plots are small, gardening practices tend not to be intensive and the variety of vegetables is limited. Fruit trees are unproductive as well, being grown from seed and not properly maintained. However, much can be done to increase production. There is considerable scope to increase production and productivity through improved gardening techniques and

better quality seeds. The pilot phase of the Home Gardens Nutrition activity showed that farmers' interests were stimulated by a low-technology, low-cost, intensive approach that brought dramatic productivity increases. Basotho are not adverse to adopting new agricultural techniques and especially when these techniques are relatively low cost.

2. Beneficiaries/Gender Considerations

The project will work with 250 village garden groups, 50 schools and 25 clinics. Through the establishment of demonstration gardens and direct assistance to individual, community, school and clinic garden sites, the project will assist directly approximately 7,500 gardeners through village garden groups and another 8,500 through school and clinic garden sites. Nearly all will be women since home gardening is almost exclusively a woman's activity. A majority come from households that have insufficient land resources to meet their families' subsistence food needs, so production increases will have an important effect on their household economies.

Major benefits will include: a) an increase in the skill and knowledge levels about intensive organic gardening in the communities where the project is active; b) an increase in the number of households participating in gardening; c) larger gardens, especially in villages that develop irrigation systems; d) a greater variety of vegetables and an extension of the growing season as more people practice winter gardening; e) improved diet and nutrition; f) increased income from the sale of surplus fruits and vegetables; g) gardening services like the sale of seed, fruit tree pruning, sale of seedlings provided by village garden leaders who have received advanced gardening training. Increasing the productivity gardening will generate a higher return for family labor. Increasing productivity will also release family labor for other productive activities once the food requirements for the family have been achieved.

Other direct beneficiaries include approximately 50 employees of the Ministry of Agriculture who will have participated in project management and implementation and benefited from in-service training. Included are 25 nutrition assistants from outside the project area whom the Nutrition Division has requested be trained in order to start home gardening activities in other parts of Lesotho.

Indirect beneficiaries include the 16,000 family members of the women who participate in village garden groups who will enjoy better diet and nutrition and in some cases benefit from increased family income coming from sales of surplus fruits and vegetables.

As only a limited amount of fresh produce of the types grown in home gardens is marketed by shops in the target areas, increased horticulture production as a result of project activities will not have a significant negative impact on local shop owners. Shop owners will benefit from the demand for agricultural inputs that will likely result

from an expanding home gardening program.

3. Participation

The participation of Basotho exists at all levels of the project. At the national level, both the ongoing Home Gardens activity and the proposed project provide a participatory forum through the Programming Team. This body was less active in the latter stages of the pilot activity. It is anticipated that the Programming Team, including the Executive Committee, will play a major programmatic role in the expanded phase of the project.

At the district level, the DAOs will work with the Management Team and district support teams to initiate implementation plans for the coverage of their respective districts. They, the district subject matter specialists and the nutrition assistants propose input on the project's content and extension methods through participation in bi-annual in-service training.

At the community level, as the evaluation pointed out, the project employs a participatory extension model in working primarily with village garden groups in which field teams adapt their message and methods to farmers' needs as expressed in regular group meetings. An aspect of this approach is the work with village garden leaders who are selected by their peers and who represent their communities. As they assimilate training and develop organizational skills they will be a voice for farmers within the district agricultural structure.

4. Socio-cultural feasibility

Analyses prepared in the course of the LAPIS design indicated the production initiatives which would present the least problem in the socio-cultural context are those where production takes place in individual farmers' fields. Both the Home Gardens pilot phase and the proposed project are sensitive to this fact. The extension approach stresses one-to-one contact between field teams and farmers or groups of farmers and the placement of demonstration plots in community gardens. This approach is especially suited to women who must often stay close to their homes because of cultural expectations and family responsibilities. As indicated earlier, farmers' response to production initiatives in the pilot phase has been favorable, primarily because the new practices cost little and have produced impressive results in individual gardens.

The analyses also examined the issue of farmer cooperation at a number of levels. They found that cooperative action poses the fewest problems with reference to input acquisition and marketing, but can present difficulties with regard to

production. As in the pilot phase, the proposed project will continue to emphasize production in private household gardens and individual plots within community gardens. Garden groups will serve primarily as a participatory forum for farmers to express their needs to the project and as a mechanism to communicate the extension message to large numbers of people. The project will also assist groups to undertake various activities like seed purchasing, fruit and vegetable marketing, fencing community gardens and developing common water sources for gardening purposes.

The analyses also caution against imposing forms of organization or activities. In this respect, the project will proceed cautiously in promoting village garden leaders. In doing so it will be creating a non-traditional role for certain farmers that will put them in closer contact than others with the project and will result in some favored treatment. In order to avoid provoking jealousy, it will insure that leaders are selected democratically only after the village garden group has a thorough understanding of the concept. The project will promote incentives that emphasize the value of additional training and the status that the position affords.

5. Impact

This project has the potential for creating substantial impact at the village level. The objective of getting people to adopt a more intensive style of horticulture fits perfectly into the socio-cultural context of home gardening as an important part of the household economy and responds to a felt need for more and better food. The innovations that the project promotes are low-technology, low-cost and sustainable without outside resources or external forms of organization. Therefore, the possibility exists for the project to reach a critical mass of farmers who will both adopt the new practices and pass them on to others. It is anticipated that home gardening will continue to be replicated by other community members and in adjacent villages following completion of SSIAP. The large number of gardens established and the knowledge gained by the Village Garden Leaders through practical demonstrations and formal training will serve as the basis for this replication. The likelihood of this happening is increased by the presence of village garden leaders who will be trained for this purpose.

There is also potential for an expanded program of home gardening activities throughout Lesotho through the Nutrition Division. Favorable factors are the experience gained in managing a home gardens activity for seven years and the accumulated effects of training on personnel. Also, the financial and material requirements for continuing such an activity are minimal. The crucial, intangible elements, however, are the degree to which the Division's managers are motivated to continue such an activity on their own and their ability to mobilize and utilize their personnel in a purposeful way. In-service training course offered under SSIAP will provide opportunities for new MOA field staff, many of whom are women, to become familiar with improved home gardening techniques.

INITIAL ENVIRONMENTAL EXAMINATION

I. PROJECT GOAL AND PURPOSE

The goal of the Small Scale Intensive Agricultural Production (SSIAP) Project is to improve household food security in the remote mountain areas of Lesotho. The project purpose is to increase production of fruits and vegetables in these areas for home consumption and improve nutrition.

II. PROJECT PROBLEM

SSIAP addresses the problem of a declining domestic food base in Lesotho which has resulted in the need to import increasing quantities of expensive food. Several constraints contribute to this decline; these include the high risk that accompanies farming due to climatological factors such as prolonged drought periods or unseasonably heavy rains, hail, and early or late frost. The soil resource base is also diminishing due to soil erosion, there is a lack of skilled personnel in the agricultural extension system and the provision of inputs and services is generally poor. This situation is more severe in the three isolated mountain districts in the east of the country where conditions are more extreme, risks to agriculture higher, and the availability of food - especially highly perishable fruits and vegetables - and agricultural inputs, lower because of transportation problems.

One prospect that offers hope for countering this negative situation is a focus on the intensive cultivation of high value crops like fruits and vegetables. Lesotho's temperate climate, the availability of water resources and the widespread popularity of home gardening give the country a comparative advantage in this area of production. But garden plots are generally small, garden practices tend not to be intensive, productivity is low and the variety of vegetables is limited. This project will introduce a wider variety of fruit and vegetables. It will also reduce the risk of frost by introducing frost-resistant winter vegetables to "extend" the season. It will also teach sound soil conservation and soil enhancing techniques as part of low-input, organic approach to gardening. Considerable attention will be given to water development activities, to reduce the vulnerability of crops to drought.

III. PROJECT OUTLINE AND STRATEGY

SSIAP is a follow-on activity to the previous Home Gardens Nutrition Program (HGNP) under the current USAID-funded Lesotho Agricultural Production and Institutional Support (LAPIS) Project. It is a collaborative effort between USAID, the Ministry of Agriculture and Peace Corps Lesotho, to assist interested communities in the mountain areas to increase fruit and vegetable production. As part of its objective to improve production, incomes and standards of nutrition, the Ministry of Agriculture (MOA) is responsible for training farmers, mostly women, to increase their production of fruits and vegetables through home gardening.

5. Communities will be better organized to meet their gardening needs. Village garden groups will gain experience in producing and purchasing seed, constructing low-technology gravity-fed irrigation systems, fencing community gardens and marketing members' produce.
6. Ministry of Agriculture employees and village garden leaders will be effectively involved in garden promotion. Through their participation in the project they will have a higher level of skill and motivation. Nutrition Division managers will be better able to implement a gardening program.

IV. POTENTIAL ENVIRONMENTAL IMPACTS/MITIGATION AND ENVIRONMENTAL ACTION RECOMMENDED

Horizontal Well Drilling

Water development will follow the designs and experiences gained in previous activities. This entails horizontally drilled collection "wells" installed below a spring, and a small storage tank with an outlet where necessary, to provide water for irrigation and potable water for the communities. Other water development will entail construction of very small, simple, low technology earthen dams, estimated to cost no more than a few hundred Maloti. Water development activities are expected to have a major beneficial impact on the communities. Although at a very small scale, these dams will have some beneficial environmental impact as well by checking the uncontrolled flow of runoff water that can cause soil erosion and donga (gully) formation. The horizontal well and irrigation systems to be promoted are also small scale, usually covering less than a quarter hectare of land. They are based on a well-designed and tested model that has had no discernible negative environmental impact. The equipment used for drilling is light and mobile, and does not require site construction or significant disturbance of topsoil.

Fencing

While galvanized barbed wire may be used where available, the project will promote the use of affordable locally available materials such as stones, reeds, khaki bush or twigs to enclose home gardens. These materials are readily available in most communities, and their use as garden fencing will not have a negative effect on the environment.

Gardening

No pesticides or chemical fertilizers will be promoted. This activity will be based on an organic gardening/integrated pest management approach.

Based upon 22 CFR Part 216.3 (a)(2) (iii) a negative determination is recommended as the "proposed action will not have a significant effect on the environment."

SSIAP will build on the HGNP foundation, is expected to be implemented through the same institutional framework (joint implementation by MOA Nutrition Division and Peace Corps), and will be aimed towards the same target group beneficiaries (villagers in remote mountain communities). SSIAP will expand the HGNP original geographic coverage and develop and improve the original program by, among other things, placing more emphasis on fruit production and development of water resources.

Because of its experience with the previous HGNP activity, and its expressed interest in participating in an expanded activity, the MOA's Nutrition Division is expected to serve as the project's institutional home. The Division will participate in the formulation of project policies and procedures, manage the project at the headquarters and district levels and provide the nutrition assistant counterparts who will work with the Peace Corps volunteers in the field.

Through a Participating Agency Services Agreement (PASA) with USAID, Peace Corps will assist the Nutrition Division to implement the project. It will hire Personal Services contractors to serve as project coordinator, financial assistant and district coordinators. It will also provide technical assistance in the form of trained volunteers in home gardening, small scale irrigation systems and communications.

Within the framework described above, the project will function through a hierarchy of teams staffed by USAID, MOA, Peace Corps and contractor personnel at headquarters, district and community levels. At the community level are field teams comprised of a home gardens Peace Corps volunteer and a nutrition assistant. The teams will work with individual farmers as well as members of village garden groups, local schools and clinics, which may undertake community projects related to gardening to include, when conditions are appropriate, the installation of simple, gravity-fed irrigation systems. Through this strategy, the following are the expected project outputs:

1. The general level of gardening skill will improve as farmers adopt improved growing techniques.
2. There will be greater quantities and variety of fruits and vegetables available as more farmers participate in gardening, as both productivity and production increase and as farmers grow new varieties of crops.
3. There will be increased consumption and sales of fruits and vegetables which will result in better household nutrition and increased incomes, as families spend less on imported food and earn cash from the sale of their surplus.
4. The level of nutrition will also improve from project training demonstrations in cooking and food preservation.

CHRON

SR UNCLASSIFIED STA 126715

ACTION: AID-3 INFO: AMB DCM//5

VZCZCMA0655
PP RUEHRU
DE RUEHC #6715 1130434
ZNR UUUUU ZZH
P 220433Z APR 92
FM SECSTATE WASHDC
TO RUEHRU/AMEMBASSY MASERU PRIORITY 2269
RUEHNR/AMEMBASSY NAIROBI 7104
BT
UNCLAS STATE 126715

LOC: 77 143
22 APR 92 0548
CN: 44396
CHRG: AID
DIST: AID

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E.O. 12356: N/A

TAGS:

SUBJECT: SMALL-SCALE INTENSIVE AGRICULTURAL PROJECT (632-0231) IEE

REF: MASERU 00473

1. FYI, BUREAU ENVIRONMENTAL OFFICER TELEPHONE NUMBER IS 647-7016; FAX NUMBER IS 647-2993 OR 647-8321.

2. BUREAU ENVIRONMENTAL OFFICER, JOHN GAUDET, HAS REVIEWED THE SUBJECT IEE, AND AGREES WITH REGIONAL ENVIRONMENTAL OFFICER THAT AS LONG AS ACTIVITIES ARE CARRIED OUT ON A SMALL SCALE, LITTLE OR NO SIGNIFICANT ENVIRONMENTAL IMPACT IS EXPECTED. HOWEVER, IEE IS DEFICIENT IN STATING HOW THE SMALL-SCALE, LOW-IMPACT NATURE OF THESE ACTIVITIES WILL BE ENSURED. FOR EXAMPLE, THE SMALL-SCALE WATER DEVELOPMENT ACTIVITIES ARE TO BE DESIGNED FOR USE IN GARDENING, WHAT PRECAUTIONS WILL BE MADE REGARDING PROTECTION OF THE WATER POINTS, IN TERMS OF HEALTH OR LIVESTOCK USE?

3. IEE STATES THAT QUOTE NO PESTICIDES WILL BE USED AS THIS ACTIVITY WILL BE BASED ON ORGANIC GARDENING/INTEGRATED PEST MANAGEMENT APPROACH, UNQUOTE. BEO WOULD SUGGEST A BETTER APPROACH WOULD BE TO PROVIDE

ALL PARTIES CONCERNED (E.G., PEACE CORPS, MISSION PROJECT STAFF, MOA AND VILLAGE GREEN LEADERS) WITH GUIDELINES AND BACKGROUND INFORMATION ON INTEGRATED PEST MANAGEMENT FOR USE WITHIN THE PROJECT.

4. BEO APPROVES NEGATIVE DETERMINATION OF SUBJECT PROJECT, PROVIDING THAT A MONITORING, EVALUATION AND MITIGATION PLAN BE PUT INTO EFFECT, AND THAT REGIONAL ENVIRONMENTAL STAFF PROVIDE GUIDELINES IN INTEGRATED PEST MANAGEMENT TO PARTIES CONCERNED FOR USE IN PROJECT.

5. THIS CABLE HAS BEEN CLFARED BY GC/AFR. BAKER

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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/SA, Keith E. Brown *KEB*

SUBJECT: Request for Waiver of Host Country Contribution
Small Scale Intensive Agricultural Production
Project for Lesotho Project No. 632-0231

ACTION: Your approval is requested to waive the 25 percent cost sharing requirement, contained in Section 110 of the Foreign Assistance Act of 1961 as amended, for the Lesotho Small-Scale Intensive Agricultural Production (SSIAP) Project. Project authorization is planned for June 1992.

BACKGROUND: USAID/Lesotho is completing project paper preparation for the five-year \$1.5 SSIAP Project. The purpose of the project is to increase the production of fruits and vegetables for home and local consumption and to improve nutrition. The project will build on and expand the successful home garden development pilot activity, which targets remote mountain communities and is currently under the Lesotho Agricultural Production and Institutional Support (LAPIS) Project, which targets remote mountain communities. The project will finance technical assistance, training, commodities, and water resources development. The principal beneficiaries are the estimated 3,500 individual female farmers and their families, children in 50 schools, and clients of 25 clinics. All will have increased access to low-cost techniques and a variety of nutritious vegetables and fruits to supplement their largely maize diets. Through a Participating Agency Service Agreement, Peace Corps will assist the Ministry of Agriculture, Cooperatives and Marketing (MOA) to implement the project in three mountain districts. The combined contribution of AID (\$1.5 million) and Peace Corps (\$700,000) totals \$2.2 million. The estimated Government of Lesotho (GOL) and local community in kind and cash contributions total only \$370,000, or 14 percent of the total project cost. While significant for a community-based activity of this kind, the contribution by Lesotho is below the required 25 percent.

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DISCUSSION: USAID/Lesotho has considered the following aspects in requesting a waiver: (1) financial constraints of the country and communities, (2) country commitment, (3) nature of the project and (4) phased contribution.

Financial constraints. Neither the GOL or the targeted poor mountain communities have sufficient resources to contribute substantially to the project. As shown in Chapter 5 of AID Handbook 1B, Lesotho is categorized as a U.N.-least developed country, which means it is characterized by extreme poverty, very limited infrastructure and inadequate implementation capacity. Additionally, the GOL is under and Enhanced Structural Adjustment Program (ESAP) with the IMF with agreement to reduce the budgetary deficit. The GOL FY 1992/93 deficit will be Latoti 14 million (\$ 5 million). While the deficit is programmed to be reduced under the adjustment program, it will persist during the SSIAP Project implementation period. The ESAP also calls for limitations on expenditure levels. Although the ESAP ends in 1993/94, the GOL plans to continue the stabilization process, including the restraint on budgetary expenditures. Its successful implementation of the ESAP and continued stabilization constrains the country's capacity to provide resources to this project in addition to the greater than required contributions committed to ongoing AID-funded agricultural activities, the Lesotho Agricultural Support Policy Program and Community Natural Resource Management Project.

Lesotho is also experiencing a second year of drought which has drastically reduced crop production and necessitated the allocation of budgetary resources for drought-impact mitigation. This combined with the increasing retrenchment of Basotho miners from South African mines places an additional constraint on income resources for the country generally and for rural communities in particular where most miners reside.

Country commitment. This project is consistent with a key component of the GOL's rural development and nutrition enhancement policy. The GOL has requested USAID to continue this activity after the successful pilot ends in September 1992 under the LAPIS Project. The GOL has been providing resources for the implementation of the pilot activity and plans to provide additional staff support for this project. GOL programmed in-kind contributions include counterpart staff for up to 30 Peace Corps Volunteers in field teams, a national coordinator, and water resource technicians; office facilities at the national and district levels; and backstopping by the MOA technical specialist. Local communities will also provide labor, local building materials, and cash as their matching contribution for water development and other gardening infrastructure.

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Nature of project. This project targets the most disadvantaged element of Lesotho society -- the isolated dwellers -- whose resources are limited. The project promotes a low-cost, low-input intervention, and direct GOL/AID resource transfers to project participants are minimal. GOL's ability to assume 25 percent of project cost is not critical to project success. Furthermore, following the Project Assistance Completion Date (PACD), project-initiated activities are expected to continue through the dissemination of technical information and training by village garden leaders in targeted and nearby villages, with relatively limited long-term involvement of MOA districts extension officers. By design, GOL financial obligations will be modest following the PACD.

Phased contribution. Phasing the GOL contribution will not help because the GOL is expected to have financial constraints throughout the life of the project, and GOL involvement is not expected to increase over this period.

USAID/Lesotho believes that a waiver of the 25 percent contribution is justified on these grounds. It is expected, nevertheless, that the GOL will fulfill its commitments by a contribution of \$370,000, or 14 percent of total project cost.

AUTHORITY: Section 124(d) of the FAA permits a waiver of the Section 110 cooperative country cost sharing requirement of 25 percent on a case-by-case basis for programs, projects or activities for relatively least developed countries. As noted above, Lesotho is a U.N.-designated least developed country. Appendix 2G to Chapter 3 sets forth consideration to be addressed in approving such a waiver, including financial constraints, country commitment, nature of project and phased contribution. The above-provided discussion provides a justification based on consideration of these aspects. Pursuant to Section 4 of Delegation of Authority No. 403 you have been delegated authority to waive the cost-sharing requirement of Section 110 of the FAA.

RECOMMENDATION: That you approve a waiver of the 25 percent cost sharing requirement, contained in Section 110 of the Foreign Assistance Act of 1961 as amended, for Lesotho for the SSIAP Project, provided that the host country contribution as indicated above is made.

Approved: *J. F. Nicks*

Disapproved: _____

Date: 6/29/92

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