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USAID/LESOTHO
PROGRAM CLOSEOUT PLAN

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ACRONYMS

ADO	Agricultural Development Officer
AIDS	Acquired Immune Deficiency Syndrome
AIDSTECH	AIDS Technical Support Project
ARD	Associates in Rural Development
CCN	Cooperating Country National
CNRM	Community Natural Resources Management Project
FDC	Food Disaster Assistance and Crisis Management Bureau
FHI	Family Health International
FTE	Full Time Equivalent
FY	Fiscal Year
GOL	Government of Lesotho
HIV	Human Immuno-Deficiency Virus
LOP	Life of Project
MOE	Ministry of Education
NPA	Non-Project Assistance
OE	Operating Expenses
OTAPS	Office of Training and Programming Support Project
PAAD	Program Assistance Authorization Document
PACD	Program or Project Assistance Completion Date
PASA	Participating Agency Service Agreement
PCV	Peace Corps Volunteer
PEP	Primary Education Program
PVO	Private Voluntary Organization
RMA	Range Management Area
RMEC	Range Management Education Center
SSIAP	Small Scale Intensive Agricultural Production Project
STD	Sexually Transmitted Disease
TCN	Third Country National
TMS	Transition Management Study
USDH	United States Direct Hire
USPSC	United States Personal Services Contractor

USAID LESOTHO

PROGRAM CLOSEOUT PLAN

I. BACKGROUND

USAID/Lesotho submits this plan as an initial step to implement the November 1993 rightsizing decision to phase out the USAID bilateral Mission in Lesotho in FY 1995 (93 State 315921 and 93 State 351068), after which management responsibility will be transferred to a regional office. Embassy and USAID officials informed the Government of Lesotho (GOL) on November 18, 1993, of the decision to phase out the bilateral mission and bring projects to an orderly completion (93 State 350003/Maseru 2254). This plan reflects the Mission's best efforts to provide for orderly completion of projects in this fledgling democracy, with a view to ensuring maximum development impact.

The rightsizing exercise required a re-examination of the Transition Management Study (TMS), which was approved November 7, 1993 (State 364832). The TMS outlined a plan for reducing OE and FTEs in Botswana, Lesotho, Swaziland and Namibia. The plan provided for an interim period of staff sharing between missions and the combined management of Lesotho and Swaziland under one director as a first step towards moving management responsibility to a Southern African Regional Office. USAID/Lesotho implementation of the plan has thus far resulted in reductions of three USDHs and ten CCN/TCN/USPSCs.

In June 1993, at the request of the Africa Bureau, USAID/Lesotho submitted a "Strategic Update and Future Management Approach" proposal to handle the post-FY 95 program through a PVO umbrella arrangement under regional office management. The document noted that USAID had provided a total of \$268.4 million in economic assistance to Lesotho through 1991 and that U.S. interest in Lesotho centered on supporting the recently established democracy, socio-economic development needs as an "island" within South Africa and selected transnational issues, including the environment and AIDS. While the Bureau reviewed the proposal favorably in August 1993, the rightsizing exercise seemingly aborted the consideration of the PVO approach for Lesotho. However, USAID suggests that the rationale for continued assistance and proposed approach remain important in the consideration of the USAID plan for orderly completion of projects. Accordingly, we have included document excerpts as Annex E.

The current USAID/Lesotho bilateral portfolio consists of three bilateral projects with life-of-project funding totaling \$40.086 million and centrally managed AIDS activities with funding of \$600,000 (see Annex B table).

II. OBJECTIVE

The objective of this plan is to present the Mission's approach to (a) the phasing out of USDH positions in Lesotho by the end of FY 95 and (b) the orderly completion of program activities, including the Small Scale Intensive Agricultural Production Project by the end of FY 95 and the Primary Education Program and Community Natural Resources Management Project by the end of FY 96. USAID/Lesotho has interpreted "orderly completion" to mean bringing projects to such a stage that any past or ongoing efforts toward achieving project objectives could be sustained. The paper outlines a recommended approach to program management and provides staffing and re-organization plans. It also covers the status of projects (including funding), recommended project modifications, principal concerns and recommendations by project, and schedules of completion actions. The Mission has reviewed the bilateral as well as individual project agreements and at this time foresees no constraints to implementing the proposed closeout plan.

III. SUMMARY OF PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS

This plan presents these principal conclusions and recommendations:

Bilateral Mission Closure

- USAID/Lesotho has concluded that the bilateral mission can be closed by the end of FY 95 as required. To manage the bilateral projects during FY 95, the Mission recommends leaving one USDH in country as an AID Affairs Officer under the supervision of the designated Southern African Regional Office. Two USPSCs and ten CCNs/TCNs will assist the officer with project monitoring and support.

Regional Project Office in Lesotho

- The Mission recommends that a program-funded Lesotho Project Office be maintained in Lesotho during FY 96 to provide sufficient monitoring for the orderly completion of the Primary Education Program (PEP) and Community Natural Resources Management (CNRM) Project. Continued implementation is critical to bring these projects to a stage where they can be sustained and completed by the GOL or other donors. For PEP this approach means a revised PACD of September 30, 1996, 11 months earlier than authorized; for CNRM, the completion of Phase I activities in September 1996 rather than April 1997. The regional office would provide USDH management oversight during this period.

Primary Education Program

- USAID has also concluded that USDH presence in Lesotho during FY 95 for policy dialogue and the completion of the critical third set of four sets of PEP conditionalities should provide sufficient momentum to permit the completion of the fourth and final set of conditionalities in FY 96 with USDH oversight from a regional mission. The fourth set of conditionalities extends already initiated

reforms and policy dialogue will no longer be an important task. But, the program funded PEP Coordinator (a USPSC) should remain in country to monitor day-to-day implementation activities through the revised PACD of September 30, 1996.

Community Natural Resources Management Project

- The Mission believes that CNRM can also best achieve its objectives for Phase I by the presence of a project-funded USPSC in country during FY 96 to monitor day-to-day implementation.

- USAID recommends that USAID/Washington consider the continuation of CNRM through completion of Phase II. The Mission believes that by modifying the implementation mode, replacing the contractor with a USPVO, this important environmental activity could be continued with minimal regional office management effort.

Small Scale Intensive Agricultural Production Project

- USAID and Peace Corps/Lesotho have agreed to terminate the Small-Scale Intensive Agricultural Production (SSIAP) Project by the end of FY 95 when the currently authorized \$1.0 million will be disbursed. Peace Corps will then complete nearly all activities during FY 96, working directly with the GOL and seeking additional funding from the government or USAID/Washington through its Washington office.

IV. USAID-RECOMMENDED MANAGEMENT ARRANGEMENTS

A. Recommended Arrangements for FY 95

USAID recommends that one USDH be left in Lesotho during FY 95 to oversee program implementation. With the departure of the Mission Director in late FY 94, management responsibility for the Lesotho program will be transferred to the Southern African Regional Office, including supervision of the USDH and delegation of authority for program implementation. Two project-funded PSCs and ten OE-funded (Trust Funds) cooperating country (CCN) or third-country (TCN) nationals will complete proposed staffing level for FY 95 (see Annex A-2 for staffing phase-out plan). OE costs for this FY 95 arrangement are estimated at \$335,000, most of which would be supported by the existing OE Trust Fund created under the Primary Education Program. Turnover of all controller functions will be realized by December 1995, with the retention of one CCN financial assistant in Lesotho to facilitate coordination of in-country financial matters (i.e., payments of vouchers, etc.) with the Regional Controller.

To implement this approach USAID/Lesotho will establish the Lesotho Project Office under the Southern African Regional Office in FY 95 (see Annex A-5 for organization chart). The current Agricultural Development Officer, whose first tour in Lesotho began in August 1992, will assume the USDH position, that of AID Affairs Officer. He will continue managing the Community Natural Resources

Management (CNRM) and Small Scale Intensive Agricultural Production (SSIAP) Projects, adding management of the Primary Education Program upon the departure of the USDH Supervisory Program Officer during FY 94. The currently employed PEP Program Coordinator (USPSC) and one CCN will continue to assist with PEP. For the CNRM Project USAID recommends the employment of a USPSC by mid-1995 who, with one CCN, would assist with monitoring the CNRM and SSIAP Projects. Eight additional CCNs will provide administrative support. Two additional PSCs -- the financial officer (USPSC) and executive assistance (TCNPSC) -- will be phased out by December 31, 1994. The AIDS Coordinator, employed by a centrally funded grant to Family Health International, will continue to be supervised by the AIDSCAP Regional Office, Nairobi, until in-country activities are completed in FY 95; USAID/Washington has responsibility for monitoring the FHI grant for AIDSCAP activities. All other centrally funded USAID activities in Lesotho will continue to be monitored by USAID/Washington.

B. Recommended Arrangements for FY 96

USAID recommends that the two project-funded coordinators (USPSCs) be left in Lesotho during FY 96 to handle day-to-day project monitoring through the completion of PEP and CNRM. The designated USDH project manager in the Southern African Regional Office would supervise them. This arrangement will permit orderly completion and closeout of these two remaining bilateral projects by the end of FY 96. Seven project-funded staff will provide administrative support for the coordinators (see Annex A-6 for the office organizational chart). No OE funds will be required for the Lesotho Regional Project Office under this arrangement; regional office project oversight will require OE funds for periodic travel to Lesotho and administrative expenses such as fax, telephone, etc.

To implement this approach, the USDH AID Affairs Officer will depart by the end of September 1995. At this time, the regional office will assume project management oversight. Final disposition of the USAID office building (on the Embassy compound) and any remaining property will be addressed in the operational plan upon approval of this program plan.

Please see Annex D-1 for a schedule of steps for closing the mission and project office.

V. PROJECTS

A. Primary Education Program (PEP) (Nos. 632-0225/0230)

1. Description and Status

1996

PEP is a six-year \$25 million sector reform program consisting of a \$6.4 million project component (632-0225) and a \$18.6 million non-project assistance (NPA) (632-0230) component. Its purpose is to improve the quality and efficiency of primary education in Lesotho through the establishment of a new

policy framework and reformed institutional structure. The agreement was signed in September 1991 and its PACD is August 31, 1997. PEP funding and reforms parallel those of the \$25 million World Bank project, which was approved contingent upon USAID approval of PEP. Further, the program is consistent with the recently articulated Agency strategy to support basic education as a means to develop human resources necessary for achieving broad-based economic growth.

The NPA component consists of four sets of policy and institutional reform conditionalities for which USAID disburses dollars to the GOL. In turn, the GOL deposits an equivalent amount of local currency. USAID and the Ministry of Education (MOE) jointly program 90 percent of the local currency for implementation of education sector reforms; 10 percent is allocated to a USAID OE Trust Fund. Progress to date includes the completion of the first set of reforms and disbursement of \$6.082 million in May 1992. USAID and the World Bank jointly reviewed progress on actions for the second disbursement in late August 1993; completion of this set and disbursement of an additional \$5.5 million are expected by March 1994. A mid-term evaluation is also planned for March 1994. The MOE has made substantial progress on the reforms to date despite their inexperience in managing this type of assistance, the delayed technical assistance contract, and GOL and MOE leadership turnover due to democratic elections. However, program implementation is 11 months behind the initial schedule as a result of these factors.

The project component finances a five-year technical services contract (lead by Ohio University) that provides four long- and numerous short-term advisers and administers participant training through its termination date of August 31, 1997. The component also finances a personal services contractor (PSC) to assist USAID with program monitoring.

2. Recommended Program Modification

USAID/Lesotho believes that orderly completion of PEP can be attained within the parameter of closing the bilateral mission in FY 95 and terminating the program in FY 96, or 11 months early. Accordingly, the Mission recommends that the GOL be given the opportunity to complete actions for all four sets of conditionalities. This scenario will give the GOL the highest probability of achieving program objectives and maximum impact, will send a constructive and positive signal to the newly elected democratic government, and will maintain our critical parallel support with the World Bank for primary education in Lesotho.

While the program PACD is currently August 31, 1997, at which time measurable impact was to begin to be realized, Mission believes that the GOL can accomplish the final set of actions (conditionalities) before September 30, 1996. Reaching this critical stage of improved quality should lead to turnaround in the downward spiral of education performance and completion rates (people-level impact) resulting from the GOL's earlier serious underfunding of education. It would also bring reforms to a stage at which MOE could more likely sustain them -- for example, in terms of financial levels for education and shifts in

funds to primary education. Given the sequencing of actions, acceleration of conditionalities is not feasible and would not lead to "orderly completion."

Table 1 below shows the effects on program components of closing the program by the end of FY 95 or by permitting implementation through FY 96, an orderly closeout point:

Table 1

COMPLETION OF PRIMARY EDUCATION PROGRAM BY COMPONENT

COMPONENTS	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
NPA							
1st set of CPs		█					
2nd set of CPs	Sept. ↗		█	█			
3rd set of CPs				█	█		
4th set of CPs						█	
PROJECT		Sept. ↘					Aug. ↘
Ohio Univ. TA			█	█	█	█	█
Training: 1st phase				█	█		
2nd phase					█	█	
AID Coord. (PSC)			█	█	█	█	█
Life-of-Project	Sept. →	█	█	█	█	█	█

Closeout Bilateral Mission →

Orderly Project Completion and Closeout of Regional Project Office in Lesotho →

As indicated, termination in September 1995 would not only cut the last set of conditionalities but also precipitously cut technical adviser support important for supporting conditionality actions and strengthening the MOE. It would also interrupt (or probably eliminate) training of the second phase of long-term participants. Continuing through FY 96 avoids these serious interruptions, but would require shortening of long-term technical assistance presence by 13 person months (11 months for chief of party and two for the financial adviser), perhaps reducing some short-term technical assistance, and reducing PSC PEP Coordinator coverage by 11 months.

Since the departure of the Mission GDO in July 1993, the Supervisory Program Officer has managed PEP, with the assistance of PEP Coordinator and a

part-time CCN. Recommended management arrangements for FYs 95 and 96 were discussed in Section IV.

See Annex D-2 for a schedule of steps to complete PEP.

3. Principal Concerns and Recommendations

a. Concern: Can USAID responsibility for monitoring local currency be completed by FY 96?

Discussion: USAID has responsibility for jointly agreeing to budgets for and monitoring until disbursed the GOL-deposited local currency for supporting the MOE sector plan. With the second disbursement, anticipated in March 1994, approximately M33 million will have been deposited for sector plan budget support. Estimates of MOE disbursements indicate that these deposits will be totally disbursed by September or with interest, by October 1995 (see Annex C-1 for local currency table). Therefore, USAID responsibility for monitoring deposits from the first two disbursements, including USAID review of the final GOL audit, should end within the proposed program PACD revision of September 30, 1996. In the event that the USAID/Lesotho-recommended plan for program completion in FY 96 is not approved, USAID will resolve the issue of how to complete monitoring responsibility earlier. (We are exploring options with the Regional Legal Adviser.)

? → As required by the PAAD, the mid-term evaluation USAID will review the feasibility of rescinding the requirement that the GOL deposit local currency equivalent to the two final dollar disbursements. During program design MOE officials were concerned that without the deposit requirement, the Ministry would not receive sufficient funds. USAID now believes that an alternative mechanism (e.g., agreed-to annual sector plan budget support allocations) can replace this requirement but still ensure that MOE receives adequate budget support for reform implementation. The March 1994 evaluation is to address this issue. USAID is optimistic that it will confirm the feasibility of eliminating the requirement for deposits beyond the second disbursement.

Of the GOL local currency deposits, 10% is deposited for an OE Trust Fund. Estimates of OE needs indicate that local currency trust fund deposits from the first two disbursements will be adequate to cover estimated OE costs through FY 95, assuming there is no ceiling placed on use of trust funds for approved OE levels. (See Annex C-2 for details on OE trust fund use.)

Recommendation: That the March 1994 evaluation review the feasibility of and, as appropriate, recommend a mechanism for completing USAID responsibility for monitoring local currency by the approved revised PACD, either by the end of FY 95 or FY 96.

b. **Concern:** Will USAID/Lesotho be allocated sufficient funds through FY 95 to cover PEP funding needs through FY 96, the recommended revised PACD?

Discussion: As proposed in the USAID-revised Table IV of the FY 95 ABS submitted to AID/W, cumulative bilateral funding through FY 95 will be insufficient to meet the planned revised life-of-program funding (based on OYB levels of \$7.3 million for FY 94 and \$4.6 million for FY 95). USAID estimates that funding for the revised/planned project assistance (632-0225) level shown below will be adequate. (Authorized PA level of \$6.4 million would be reduced by \$823,000.) However, NPA funding (632-0230) falls short of needs by approximately \$181,000 (\$000):

<u>Project Number</u>	<u>Revised/Planned LOP Funding</u>	<u>Obligated Through FY 1993</u>	<u>Planned FY 1994 Obligation</u>	<u>Proposed FY 1995 Obligation</u>	<u>Additional Funds Needed</u>
632-0225	5,577	4,859	718	0	0
632-0230	<u>18,600</u>	<u>11,582</u>	<u>4,137</u>	<u>2,700</u>	<u>181</u>
Totals	25,000	16,441	4,855	2,700	181

Recommendation: That the Africa Bureau seek approval of our request (93 Maseru 2503, modified by Maseru 127) to obligate \$181,000 planned for deobligation in FY 94 from the Human Resources Development Assistance Project (No. 698-0463.32) to meet the PEP NPA shortfall.

c. **Concern:** Can PEP be monitored without USDH in-country presence through the PACD?

Discussion: Sector reform programs generally require USDH involvement in policy dialogue, which will be unavailable in country after the end of FY 95. USAID believes that in-country USDH involvement in policy dialogue is critical through completion of the third set of conditionalities scheduled for FY 95. With the momentum achieved by completion of these first three sets of reforms, GOL subsequent efforts will be focused on the extension of already initiated reforms. Mission suggests that USDH involvement from a regional office will provide adequate oversight, provided that the PEP Coordinator remains in country through FY 96 to monitor day-to-day actions.

Recommendation: That the program be monitored by a USDH from a regional USAID mission during FY 96.

B. Community Natural Resources Management (CNRM)(632-0228)

1. Description and Status

1996

CNRM is a ten-year \$14.086 million project which was initiated in June 1991 and has a PACD of June 26, 2001. The project is two phased, requiring an evaluation before proceeding to implementation of the second phase. Its purpose is to establish effective grazing associations which will manage rangelands at sustainable carrying capacities for livestock. It targets the graduation of four existing grazing associations and the formation of six new ones, of which at least four would graduate or become self-sustaining for managing rangeland management areas (RMAs). This project builds upon previous USAID projects to improve rangeland management in Lesotho and is refining a model for nationwide application.

The project finances a five-year technical assistance contractor (lead by Associates in Rural Development or ARD) which provides four long-term U.S. consultants, including a chief of party; two long-term Basotho consultants; and 20 person months of short-term technical assistance through April 30, 1997. ARD is responsible for Phase I activities for ten RMAs, including phasing out assistance in the four existing RMAs, initiating work in another two already identified RMAs, identifying and initiating work in two other RMAs, and identifying a final two new ones.

Prior to the rightsizing exercise, USAID had proposed that Phase II of CNRM be implemented through a PVO umbrella mechanism after closeout of the bilateral mission and opening of a Southern African Regional Office.

The Agricultural Development Officer (ADO) oversees project implementation monitoring with the assistance of one full-time CCN and one part-time CCN.

2. Recommended Project Modification

USAID/Lesotho proposes that orderly completion of Phase I of CNRM can and should be approved within the parameters of closing the bilateral mission in FY 95 and terminating the bilateral project in FY 96. Completing Phase I under the modified implementation plan discussed below is important to ensure achievement of Phase I objectives. CNRM is especially important for addressing environmentally harmful use of rangeland, a major natural resource of the country. USAID has been the lead and major donor supporting development of an effective grassroots community approach to managing rangelands at a sustainable carrying capacity for livestock. The concept has greatly influenced GOL policies on rangeland use and other donors are beginning to participate in extension of this model nationwide. Sustaining land resources in the mountains is also critical for avoiding siltation of valuable water resources, which will be a primary GOL revenue source when the Lesotho Highlands Water Project begins transferring water to South Africa in 1996. Additionally, this project supports the current Agency

strategy on environment by improving land-use practices that are degrading the environment, by strengthening public institutions to protect rangelands, and by focusing on participation of grazing associations at the local level to manage rangeland.

With modification of the implementation plan, Phase I can be orderly completed by the end of FY 96. See Table 2 which lays out current and proposed modifications by component. As Table 2 notes, closure in FY 95 would result in only 70% completion of technical assistance activities as against 90% in FY 96. Under the proposed accelerated approach, new RMAs would be identified earlier and their implementation "jump started." The first additional RMAs could now be 65% completed by FY 96 rather than 20%, and the second additional RMAs, 55% completed by FY 96 rather than not yet started. Acceleration of short- and long-term training would result in 100% completion by FY 96. Finally, the Range Management Education Center (RMEC) would be 100% operational by FY 96. These modifications would bring activities to a stage at which time they could more likely be sustained and the GOL, with other donor and perhaps USPVO help, could assume responsibility for completion. USAID proposes to revise the PACD from June 26, 2001 to September 30, 1996, unless it were determined to complete Phase II implementation under regional mission management, but with a USPVO instead of a contract.

USAID plans to re-schedule the mid-term evaluation to take place in FY 94 in order to assess progress to date and review the facility of accelerating Phase I implementation as proposed.

See Annex D-3 for a schedule of steps for completion of CNRM.

3. Principal Concerns and Recommendations

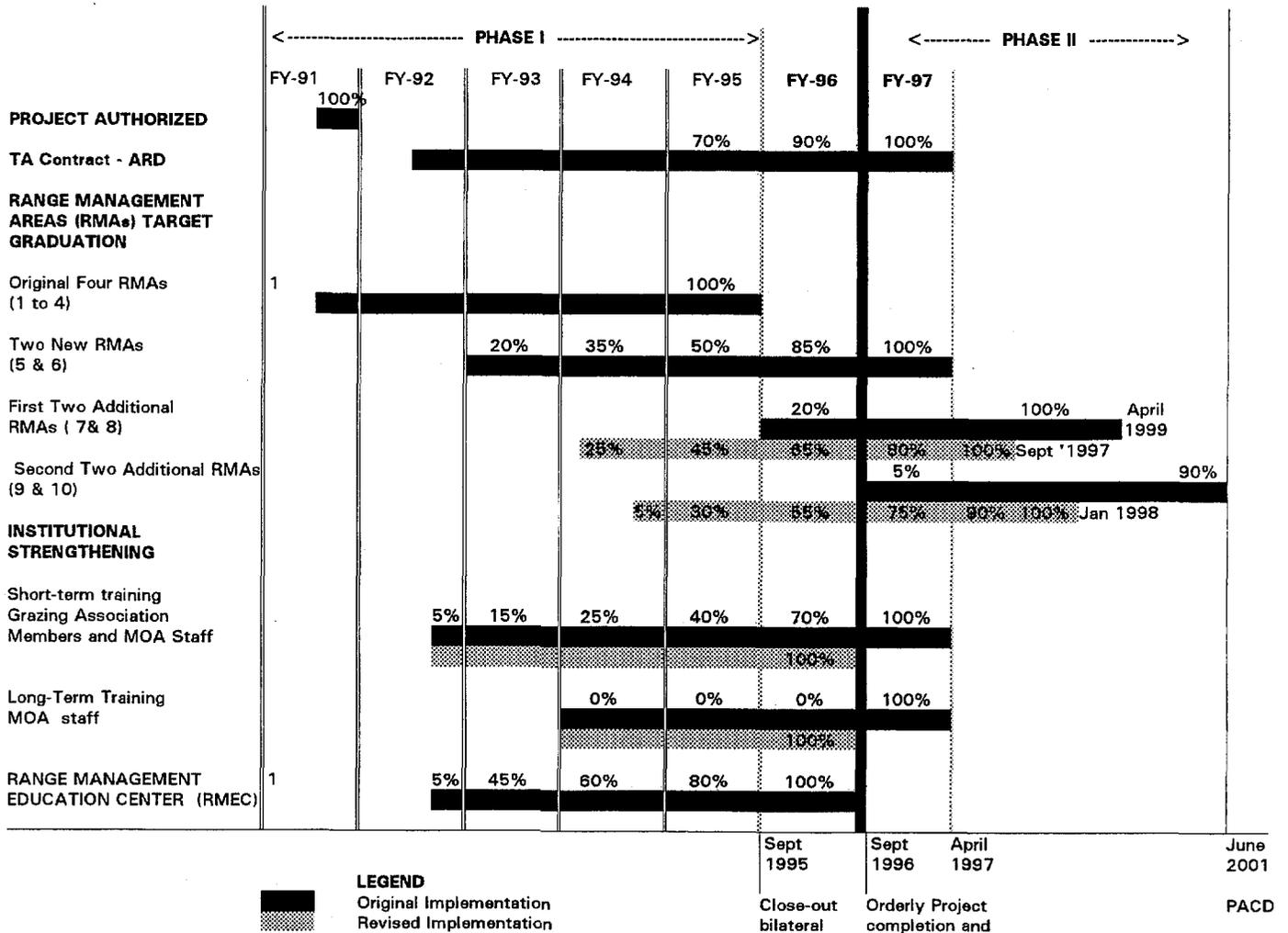
a. **Concern:** Can the project achieve its objectives without an in-country USDH presence after FY 95?

Discussion: USAID believes the project has a better chance of achieving its objectives for Phase I if in-country USDH oversight were available through FY 1996. A second best option is to provide in-country PSC monitoring for approximately 18 months, beginning in mid-FY 95 and continuing through FY 96, with regionally located USDH oversight for FY 96.

Recommendation: That the project finance a Project Coordinator under a PSC to begin in mid-FY 95 under the supervision of the in-country USDH through the end of FY 95 and under the supervision of a regionally located USDH during FY 96. Mission believes an exception to the recently articulated policy on PSC employment be considered as necessary to close the bilateral mission by FY 95 and complete Phase I of the CNRM Project in an orderly manner.

Table 2

COMPLETION OF COMMUNITY NATURAL RESOURCE MANAGEMENT PROJECT BY COMPONENT



1) The original four RMAs and the construction of the RMEC were included under a previous USAID Project

b. **Concern:** Should the Africa Bureau continue this project through the 2001 PACD, but in a far less intensive mode?

Discussion: As indicated above, this program supports current Agency strategy on the environment. It also provides an excellent opportunity to involve a USPVO in nationwide extension of this important grassroots model. USAID believes it will be possible by FY 97 to provide technical support for Phase II through a regional grant for a PVO instead of a contract. This approach would minimize USAID oversight responsibility as well as keep USG commitment to the GOL to include Lesotho in regional projects. The alternative is to terminate the program by FY 96.

Recommendation: That the now planned FY 94 evaluation also examine the feasibility of modifying the project implementation mode for Phase II. This task would be additional to those discussed above -- reviewing progress and the feasibility of accelerating implementation of Phase I as recommended. USAID believes the follow-on re-design work would be minimal for such a modification.

C. **Small-Scale Intensive Agricultural Production (SSIAP)**
(632-0231)

1995

1. **Description and Status**

SSIAP is a five-year \$1.5 million project initiated in June 1992 with a PACD of June 30, 1997. The purpose of the project is to increase the production of fruits and vegetables for home consumption and to improve nutrition in remote mountain areas of Lesotho. It is a genuine grassroots effort, initiated originally with Peace Corps Volunteer (PCV) assistance under a previous project and will involve a total of 37 PCVs. Only \$1.0 million has been authorized to date, pending the mid-term evaluation results. All but evaluation funds are included in a PASA with Peace Corps/Lesotho, including all administrative tasks.

The Agricultural Development Officer manages this project, with the help of a part-time CCN. USDH and CCN monitoring responsibilities are minimal.

2. **Recommended Project Modification**

USAID recommends completing implementation of the now authorized funding of \$1.0 million, terminating the project by the end of FY 95. USAID has discussed this recommendation with Peace Corps/Lesotho, which is agreeable. This is an excellent project for PCV grassroots development in the absence of a bilateral mission and Peace Corps has agreed to continue implementation directly with the GOL, providing technical assistance through the end of service of the last PCV group or through FY 96. It plans to seek additional funds from USAID/Washington through its Washington office, perhaps tapping the Office of Training and Programming Support (OTAPS) Micronutrient Deficiency

Project or other available vehicles. USAID will conduct an evaluation in April 1994 (accelerated from late 1994) to review progress. This plus the PP could be excellent bases for their requesting assistance through another mechanism. The progress to date augurs well for continued implementation of this model by the GOL and Peace Corps. We understand that the GOL is also interested in extending the model nationwide, beyond the three mountain districts included in the project.

Table 3 indicates the extent of project completion anticipated by a PACD of September 1995 and by FY 96 with Peace Corps continued effort.

D. Central Project Activities

1. AIDS Technical Support (AIDSTECH) Project (No. 936-5972)

a. Description and Status

USAID transferred bilateral FYs 92 and 93 funds totaling \$600,000 to the centrally managed AIDSTECH Project for AIDS activities in Lesotho. Family Health International (FHI) manages these activities under the AIDS Control and Prevention (AIDSCAP) Subproject. The purpose of this effort is to stabilize or reduce the sexually transmitted disease (STD)/HIV prevalence in the country by promoting behavioral change strategies, strengthening STD services and promoting condom use. Implementation began in early FY 93 and was initially planned to continue on an extended basis under the proposed PVO umbrella arrangement.

AIDSCAP activities include: a subgrant to Lesotho Red Cross Society to train community-based educators for conducting AIDS educational activities in four targeted communities; a subgrant to CARE/Lesotho to promote safer sexual practices among Basotho football players; and technical assistance for conducting studies related to strengthening STD services in the country. Approximately \$500,000 of the \$600,000 is expected to be disbursed by September 1995, completing the above-planned activities.

Under USAID/Washington project oversight, FHI finances the services of an AIDS Coordinator resident in Lesotho to manage AIDSCAP activity implementation in Lesotho. The AIDSCAP Regional Office in Nairobi assists with program monitoring.

b. Recommended Project Modification

USAID recommends that bilateral funding provided by USAID to AIDSTECH be used for activities in Lesotho through FY 95 or until the bilateral mission is closed. This will permit sufficient time to complete most activities. However, USAID expects that an estimated \$100,000 will remain unprogrammed by the end of FY 95. For these remaining funds, USAID proposes to request FHI to re-allocate them to support planned USAID/South Africa social marketing activities in two mining communities, if approved. USAID/Lesotho plans

Table 3

COMPLETION OF SMALL SCALE INTENSIVE AGRICULTURAL DEVELOPMENT PROJECT BY OUTPUT

	FY-92	FY-93 (1)	FY-94	FY-95	FY-96	FY-97
PROJECT AUTHORIZED	100%					
OUTPUTS:						
250 Garden groups/ demonstration plots established		48%	67%	88%	100%	
50 School gardens assisted		58%	94%	100%		
25 Clinics gardens assisted		44%	80%	100%		
3,500 Participants trained in gardening techniques		60%	80%	100%		
3,500 Participants trained in food preparation/preservation techniques		53%	76%	100%		
6 Districts nurseries established			30%	60%	80%	100%
50 Irrigation systems established		32%	50%	70%	90%	100%
250 Village garden leaders trained		38%	58%	79%	100%	
3,000 Fruit trees planted		20%	40%	60%	90%	100%
16 Nutrition Assistants placed in project areas & trained in implementation & management		112%	137%	162%		

June
PACD

(1) The LAPIS Project funded pilot activities through 1992. Outputs under FY 93 include pilot phase outputs.

Close-out of bilateral Mission, Project termination and revised PACD

End of implementation by Peace Corps

to explore this proposal in more detail in the near future with the South Africa Mission which is considering targeting migrant workers in and around the South African gold mines, including Welkom and Carlton, which employ about 72% of the Basotho miners working for the Chamber of Mines or about 68,000 Basotho men. Basotho miners come and go regularly from various rural areas in Lesotho during their tenure in the mines and targeting them through the USAID/South Africa program could impact on Basotho miner behavior both at the mines and in Lesotho.

The USAID Global Bureau recently recommended by email that in-country AIDSTECH activities could be continued through support of the southern Africa AIDSCAP portfolio. While USAID does not object to this recommendation, it believes the Bureau should thoroughly review the feasibility of the proposal, including the kinds of activities to pursue and how they will be planned without the bilateral mission presence. Implementation could also be a problem as the current AIDS coordinator will leave Lesotho in late FY 95. Meanwhile, USAID recommends bringing to completion the current activities by the end of FY 95 and re-allocating any remaining funds to USAID/South Africa for the above-mentioned social marketing activity, if approved.

2. FDC Activities

Cables to Lesotho (93 State 384812 and State 9886) summarized centrally funded FDC activities for Lesotho, including an Industrial Opportunities Center International, American National Red Cross and a CARE micro-enterprise matching grant which are monitored centrally. Activities in these areas could be continued provided sufficient USAID monitoring capacity were available either in Washington or regionally.

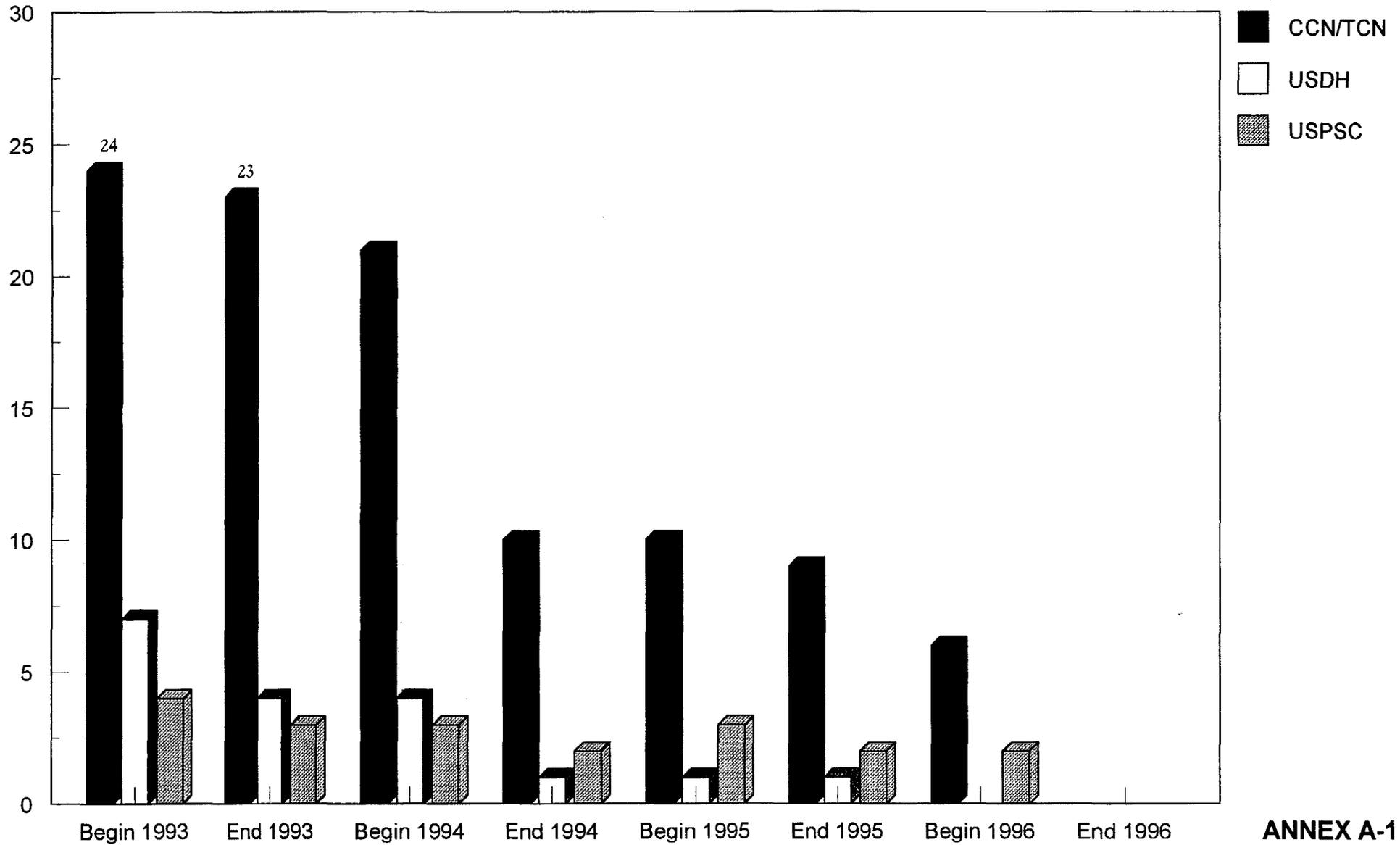
POOL:closeout.prm 1/19/94

Table to show the info
on these areas.

**STAFFING PLANS
AND
ORGANIZATION CHARTS**

Staffing Phase-Out Plan USAID / Lesotho FY 93 - FY96

Staffing Level



STAFFING PHASE-OUT PLAN
USAID/LESOTHO
FY 93 - FY 96

	BEGINNING 1993	END 1993	BEGINNING 1994	END 1994	BEGINNING 1995	END 1995	BEGINNING 1996	END 1996
USDH								
DIR	TOWERY	TOWERY	TOWERY	0				
S/PRM	DURETTE	DURETTE	DURETTE	0				
CONT	ZELAYA	0	0	0				
S/GDO	SLOBEY	0	0	0				
PDO	WIITALA	0	0	0				
S/EXO	EDWARDS	EDWARDS	EDWARDS	0				
ADO	LEWIS	LEWIS	LEWIS	LEWIS	LEWIS	LEWIS	0	0
	7	4	4	1	1	1	0	0
USPSC (A)								
DEPUTY EXO	RUSSELL	RUSSELL	RUSSELL	0	0	0	0	0
ASST. CONT.	KHAN	KHAN	KHAN	KHAN	KHAN	0	0	0
A/PDO	DREW	0	0	0	0	0	0	0
WID	BUZZARD	0	0	0	0	0	0	0
PEP/PSC	0	URNER	URNER	URNER	URNER	URNER	URNER	0
CNRM/PSC (B)	0	0	0	0	CNRM PSC	CNRM PSC	CNRM PSC	0
	4	3	3	2	3	2	2	0
CCN/TCN								
LCPM/LAPS	LEPELE	LEPELE	LEPELE	0	0	0	0	0
PROG ASST	KHALIKANE	KHALIKANE	KHALIKANE	KHALIKANE	KHALIKANE	KHALIKANE	KHALIKANE	0
PROG ASST	SEPITLA	SEPITLA	SEPITLA	SEPITLA	SEPITLA	SEPITLA	SEPITLA	0
SECRETARY	TSEFANE	0	0	0	0	0	0	0
FINAN ASST	MONARE	MONARE	MONARE	MONARE	MONARE	MONARE	MONARE	0
ACCOUNTANT	SEKHAMANE	SEKHAMANE	SEKHAMANE	0	0	0	0	0
ACCOUNTANT	RAMOTALA	RAMOTALA	RAMOTALA	0	0	0	0	0
ACCOUNTANT	LETELE	LETELE	LETELE	0	0	0	0	0
PROG ASST	MPHOHLE	MPHOHLE	MPHOHLE	MPHOHLE	MPHOHLE	MPHOHLE	MPHOHLE	0
ECONOMIST	VORDZORGBE	VORDZORGBE	VORDZORGBE	0	0	0	0	0
COMP MGR	BRAIM	BRAIM	BRAIM	0	0	0	0	0
EXEC ASST	ROTH	ROTH	ROTH	ROTH	ROTH	0	0	0
EXEC ASST	SELEKE	SELEKE	SELEKE	0	0	0	0	0
RECEP	KALEBE	KALEBE	KALEBE	KALEBE	KALEBE	KALEBE	KALEBE	0
C&R	MOTEULI	MOTEULI	MOTEULI	0	0	0	0	0
OFF CLEANER	MAKHETHA	MAKHETHA	MAKHETHA	MAKHETHA	MAKHETHA	MAKHETHA	MAKHETHA	0
OFF CLEANER	RASELESO	RASELESO	RASELESO	0	0	0	0	0
S/GSO	MOKHUTLOLE	MOKHUTLOLE	MOKHUTLOLE	MOKHUTLOLE	MOKHUTLOLE	MOKHUTLOLE	MOKHUTLOLE	0
PROC ASST	MAREKIMANE	MAREKIMANE	0	0	0	0	0	0
GSO	MORU	MORU	MORU	MORU	MORU	MORU	0	0
CHAUFFEUR	MATSOSO	MATSOSO	MATSOSO	0	0	0	0	0
A/GDO	KASOZI	KASOZI	0	0	0	0	0	0
TRAINING OFF	MALAHLEHA	MALAHLEHA	MALAHLEHA	0	0	0	0	0
ADMIN ASST	MATHABA	MATHABA	MATHABA	MATHABA	MATHABA	MATHABA	MATHABA	0
	24	23	21	10	10	9	7	0
TOTAL:	35	30	28	13	14	12	9	0

(A) INCLUDES BOTH OE AND PROJECT FUNDED PSCS.
(B) CONTRACTOR TO BE RECRUITED.

NOTES:

- YEARS ARE FY
- AIDSCAP CONTRACTOR IS FUNDED AND MANAGED BY REGIONAL OFFICE IN NAIROBI, AND WHICH WILL TERMINATE NLT SEPTEMBER 1995, IS NOT REFLECTED ABOVE.

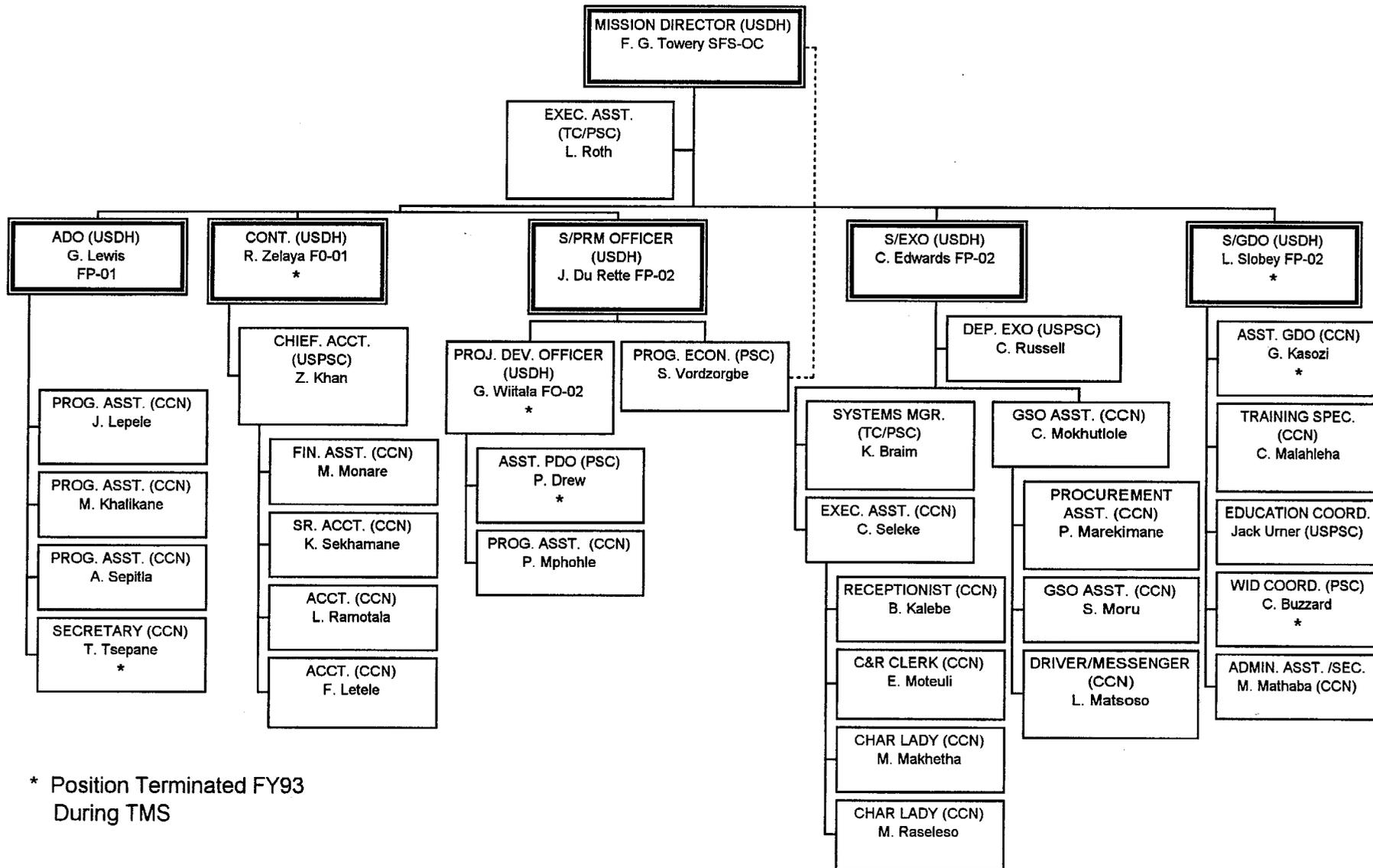
ORDERLY CLOSE-OUT
USDH
PHASE-OUT PLAN

EMPLOYEE	POSITION	GRADE	ARRIVAL AT POST	1ST TOUR ENDS	2ND TOUR BEGINS	ANTICIPATED DEPARTURE DATE
F.G.TOWERY	DIR	FE-OC	10/90	5/92	7/92	9/94
R. ZELAYA	CONT	FS-01	8/90	6/92	8/92	5/93 (ACTUAL) (1)
G.WIITALA	PDO	FP-02	1/92 (2)	7/94		
L.SLOBEY	GDO	FP-02	1/92 (2)	7/94		
C. EDWARDS	EXO	FP-02	8/91	6/93	8/93	9/94
G.LEWIS	ADO	FP-01	8/92	8/94	10/94	9/95
J.DURETTE	S/PRM	FP-02	8/90	8/92	10/92	5-9/94

(1) ZELAYA POSITION ELIMINATED IN TMS; MID-TOUR TRANSFER 5/93

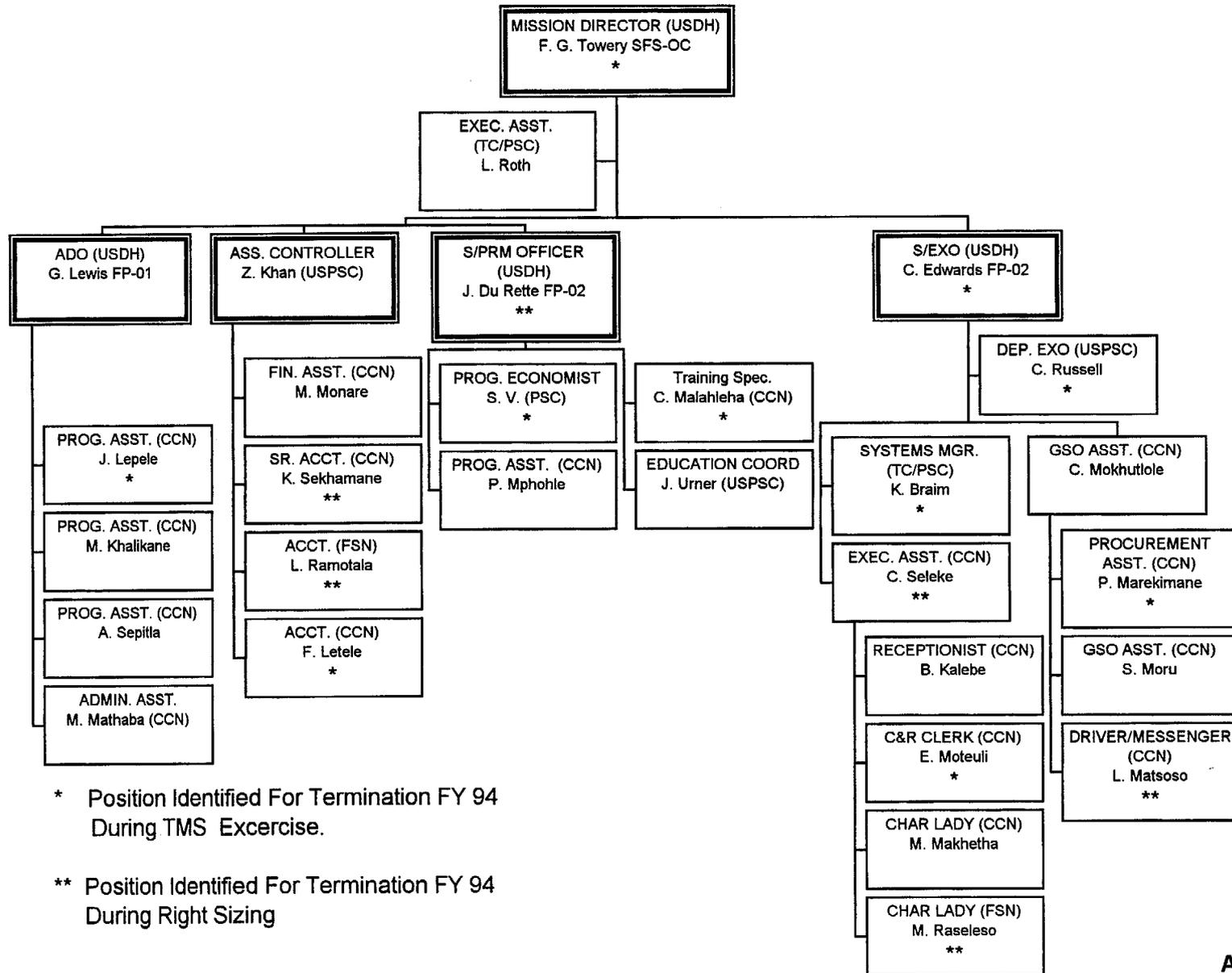
(2) SLOBEY/WIITALA POSITIONS ELIMINATED TMS; MID-TOURED LESOTHO, HOME LEAVE TAKEN 6/92; MID-TOUR TRANSFER TO MAPUTO 8/93.

Staffing Pattern USAID Lesotho FY 1993



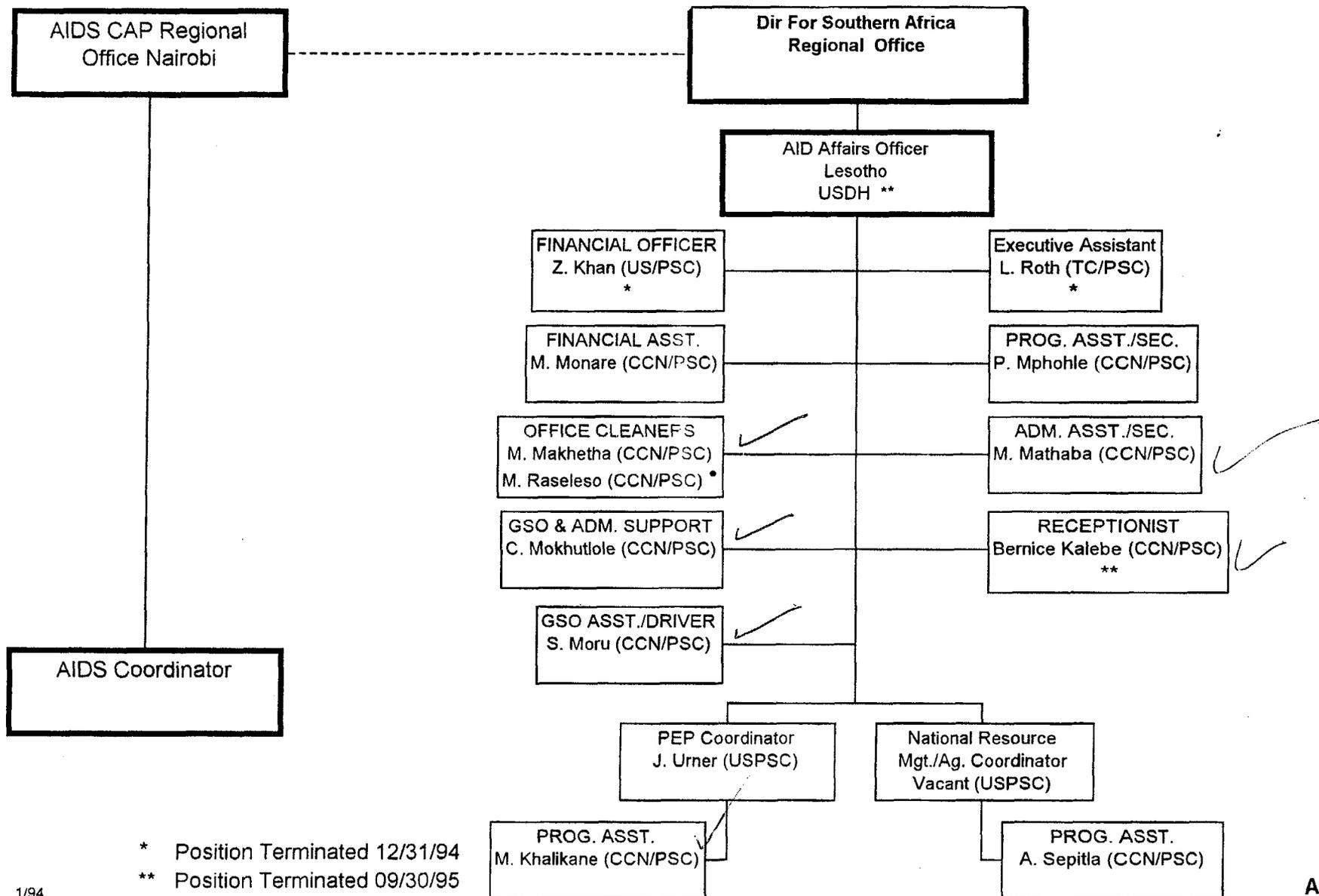
* Position Terminated FY93
During TMS

Staffing Pattern USAID Lesotho FY 1994



21

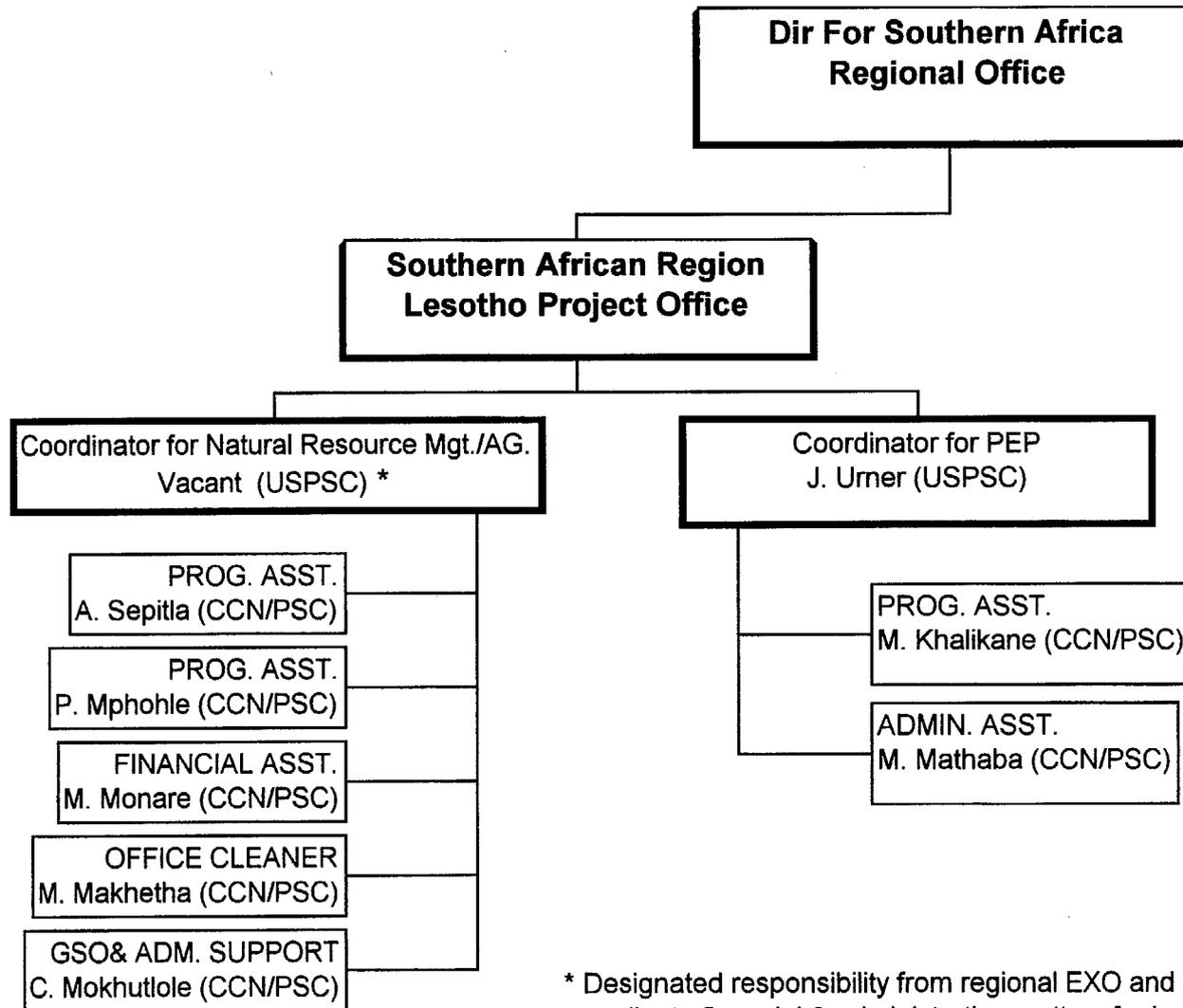
Lesotho Project Office (FY 1995)



* Position Terminated 12/31/94
 ** Position Terminated 09/30/95

22

Lesotho Project Office FY 1996



* Designated responsibility from regional EXO and CO to coordinate financial & administrative matters for Lesotho Project Office

NOTE: ALL POSITIONS TERMINATED 09/30/96

ANNEX A-6

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TABLE ON
PROGRAM CUMULATIVE OBLIGATIONS
AND
EXPENDITURES BY FISCAL YEAR

USAID/Lesotho Program
Cumulative Obligations and Expenditures by Fiscal Year
(\$000)

Project Name and Number	LOP Funding	Cumulative Obligations Through FY 93	Cumulative Expenditures Through FY 93	Planned Cumulative Obligations Through FY 94	Projected Cumulative Expenditures Through FY 94	Proposed Cumulative Obligations Through FY 95	Projected Cumulative Expenditures Through FY 95	Projected Cumulative Expenditures Through FY 96
Primary Education Program (PA) 632-0225	5,577 *	4,859	1,089	5,577	2,500	5,577	3,700	5,577
Community Natural Resources Mgmt 632-0228	8,451 **	4,450	2,072	6,551	4,072	8,451	6,372	8,451
Primary Education Program (NPA) 632-0230	18,600	11,582	6,082	15,900 ***	11,582	18,600	14,982	18,600
Small Scale Intensive Agricultural Production 632-0231	1,000	658	311	1,000	655	1,000	1,000	1,000
AIDS Technical Support 936-5972	600	600	70	600	370	600	600 ****	600
Program Development and Support 632-0510	50	50	0	50	50	50	50	50
TOTALS	34,278	22,197	9,624	29,678	19,229	34,278	26,704	34,278

* Proposed LOP level, reduced from \$6,400.

** Proposed LOP level, reduced from \$14,086

*** Includes \$181,000 proposed for obligation from Human Resources Development Project deobligation.

**** About \$100,000 will be available for USAID/South Africa activities with miners, including Lesotho miners.

ANNEX B

25

TABLES
ON
LOCAL CURRENCY DISBURSEMENTS

Table 4

**PRIMARY EDUCATION PROGRAM
DISBURSEMENT OF LOCAL CURRENCY DEPOSITS
FROM TRANCHES I AND II FOR SECTOR PLAN IMPLEMENTATION
(M000)**

Tranche	Amount Deposited Through FY 1994	Projected Amount Disbursed Through FY 95
Tranche I	15,460	15,460 ²
Tranche II	16,830 ¹	16,830 ³
Totals	32,290	32,290

- 1) Estimated using M3.4/\$.
- 2) Estimated cumulative interest is not included but will also be disbursed.
- 3) Estimated cumulative interest is not included and is expected to be disbursed in the first quarter of FY 96.

Table 5

**SUMMARY OF
PROJECTED OPERATING EXPENSE REQUIREMENTS
FOR ORDERLY CLOSE OUT
(\$000)**

	Fiscal Year	OE Amount Required	Trust ⁴ Fund Amount	Totals Required
USAID Operating Expense Requirement	FY 95 ¹	20	315	335
Lesotho Project Office	FY 96 ²	0	0	0 ³
Totals		20	315	335

- 1) See Annex A-5 staffing chart.
- 2) See Annex A-6 staffing chart.
- 3) Project costs for the Lesotho Project Office are estimated at \$187,000, excluding two project USPSCs costing a total of \$260,000.
- 4) Status of Trust Fund:

- Deposits from Tranche I & II	\$1,166
- Less: Expenditures (FY 93 \$241 FY 94 \$565, FY 95 \$315)	1,121
Balance (to be transferred to GOL)	<u>45</u> =====

**STEPS FOR
CLOSING MISSION
AND
COMPLETING PROJECTS**

**PRINCIPAL STEPS FOR CLOSING BILATERAL MISSION IN FY 95
AND LESOTHO PROJECT OFFICE IN FY 96**

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
FY 94		
2/94	Review and approve Program Closeout Plan for Lesotho	USAID/W
3/94	Submit Operational Closeout Plan (includes OE NXP & real property disposition); USAID/W reviews	USAID/L and USAID/W
3/94	Notify GOL of orderly completion plans for projects	USAID/L
3-6/94	Send USAID/L completed project files to USAID/W	USAID/L
4-9/94	USDH departs (S/PRM) (see Annex A-4)	USAID/L
6/94	ADO departs on home leave	USAID/L
8-9/94	USDH departs (EXO)	USAID/L
9/94	Terminate CCN staff as planned (see Annex A-4)	USAID/L
9/94	USDH Director departs (see Annex A-4)	USAID/L
9/94	Southern Africa Regional Office (SARO) assumes management oversight of Lesotho AID Affairs Office (AAO)	SARO 
FY 95		
12/94	Terminate OE-funded USPSC and TCPSC (see Annex A-4)	SARO

*See
Page 4*

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
9/95	Terminate local staff; transfer limited number to program-funded contracts	SARO
9/94	Complete Small Scale Intensive Agricultural Project and close out PASA	AAO
9/95	AID Affairs Officer departs	AAO/SARO
9/95	SARO USDH assumes project management responsibilities for CNRM and SSIAP	SARO
9/95	Regional Lesotho Project Office begins	SARO
FY 96		
8-9/96	Complete actions for disposition of OE - NXP per Operational Closeout Plan	SARO
8-9/96	Turn over all project-funded NXP and housing to GOL	SARO
9/96	USPSCs (PEP and CNRM) depart	SARO/PSCs
9/96	Complete PEP and CNRM Projects	GOL/SARO
9/96	Close Lesotho Regional Project Office	SARO
9-10/96	Close out TA contracts	SARO/RCO

POOL:TABLECL.GEN; 1/18/94

**STEPS FOR COMPLETION THROUGH FY 96
PRIMARY EDUCATION PROGRAM (PEP)**

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
FY 94		
3/94	Evaluate program	USAID/MOE/IQC
3/94	Notify GOL of orderly completion plan for projects	USAID
4-5/94	ADO assumes PEP management responsibility	USAID
5-6/94	Draft action memo to revise components, implem. schedule, local currency procedures, PACD	USAID
5-6/94	Draft and negotiate with MOE agreement modifications reflecting project modifications	USAID/RLA/MOE
5-6/94	Discuss contract modification requirements with Ohio TA and modify contract	USAID/RCO/Ohio
6-7/94	Modify letter of commitment for Ohio TA contract	USAID/Lesotho and Washington
9-10/94	Southern Africa Regional Office (SARO) assumes program management oversight for Lesotho AID Affairs Office (AAO), incl. PEP	SARO
FY 95		
9/95	USDH Lesotho AID Affairs Officer departs; SARO USDH assumes PEP management responsibility	AAO/SARO

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
FY 96		
6/96	Review final audit of local currency disbursements; close out local currency special account	SARO/PSC*/GOL *PEP PSC (hereafter PSC)
7/96	Conduct final evaluation	SARO/PSC/IQC/ MOE
8-9/96	Complete inventory of and turn over program-funded commodities to MOE	Ohio/SARO/PSC/ MOE
8-9/96	Complete and submit final contractor report	Ohio
8-96	Draft program closeout report	PSC
9/96	PACD: all program activities end	SARO/MOE
9-10/96	Close out TA and PSC contracts	RCO/SARO
9-10/96	Turn over Ohio and PSC project-funded housing to GOL	SARO

POOL:TABLECL.PEP; 1/18/94

STEPS FOR COMPLETION THROUGH FY 96
COMMUNITY NATURAL RESOURCES MANAGEMENT (CNRM) PROJECT

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
FY 94		
3/94	Notify GOL of orderly completion plan for projects	USAID
8/94	Conduct evaluation	USAID/MOA/IQC
8/94	Determine necessary ARD project modifications for orderly completion	USAID/ARD/MOA
9/94	Draft action memo to revise project as appropriate, including TA requirements, budgets, PACD	USAID/ARD/MOA
9/94	Draft and amend CNRM Project Agreement to reflect changes	RLA/USAID
9/94	Modify ARD contract as needed	RCO
9/94	Southern African Regional Office (SARO) assumes management oversight for AID Affairs Office (AAO) in Lesotho, including CNRM Project	SARO
FY 95		
11/94-2/95	Advertise, negotiate and execute contract with CNRM funded PSC (hereafter PSC)	RCO
3/95	PSC arrives Lesotho	CNRM PSC/AAO *(hereafter PSC)
9/95	SARO USDH assumes project management responsibility for CNRM	SARO

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
9/95	USDH AID Affairs Officer departs Lesotho	AAO/SARO
FY 96		
7/96	Terminate CNRM field activities and PCV services	ARD
7/96	Inventory and turn over CNRM field commodities to MOA	ARD
8/96	Close out contract activities	ARD
8/96	Prepare and submit final contractor reports	ARD
8/96	Complete inventory for and turn over remaining project-funded commodities to MOA	ARD/PSC/SARO
8/96	Close out contractor office, including terminating staff	ARD
8-9/96	Draft project closeout report	PSC
9/96	ARD departs country	ARD/PSC/SARO
9/96	PSC departs country	PSC/SARO
9/96	Turn over program-funded PSC and ARD housing to GOL	SARO
9/96	Revised PACD: Bilateral project ends	SARO
9/96	Close out ARD and PSC contracts	RCO/SARO

POOL:TABLECL.CNR;1/18/94

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**STEPS FOR COMPLETION THROUGH FY 95
SMALL SCALE INTENSIVE AGRICULTURAL PRODUCTION PROJECT**

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
FY 94		
3/94	Notify GOL of orderly completion for projects	USAID
4/94	Conduct mid-term evaluation	USAID/MOA
5/94	Draft action memo to modify PACD, schedule, etc.	USAID
5/94	Draft and negotiate project agreement amendment with MOA	USAID/RLA
5/94	Amend PASA as appropriate	USAID/RCO
9/94	SARO assumes program management oversight for Lesotho AID Affairs Office (AAO), including for SSIAP	SARO
FY 95		
8/95	End project support for PCVs; PCVs complete service reports	PC/PCVs
8-9/95	Inventory and turn over project funded commodities to MOA	PC/AAO/MOA
9/95	Project administrative staff complete and submit final report	PC
95	Terminate project funded staff contracts	PC
9/95	Revised PACD: project ends	AAO
9/95	Terminate PASA	AAO/RCO

DATE(S)	ACTIONS	PRINCIPAL ACTOR(S)
9-10/95	Close out PASA	RCO/SARO
9-10/95	Draft project closeout report	AAO

POOL: TABLECL.SSI; 1/18/94

**EXCERPTS FROM
U.S. ASSISTANCE TO LESOTHO
STRATEGIC UPDATE
AND
FUTURE MANAGEMENT APPROACH**

June 1993

U.S. ASSISTANCE TO LESOTHO
STRATEGIC UPDATE AND FUTURE MANAGEMENT APPROACH

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Annexes:

- A. Summary of Economic Background and Outlook
- B. Executive Summary of the Lesotho PVO/NGO Assessment
- C. Executive Summary and Recommendations Section of the HIV/AIDS Prevention and Control Activities in Lesotho Report
- D. Potential Areas for Expansion and Recommendations Sections from the Assessment Report on Long Term Support for Population Activities in Lesotho

References: (Available in AFR/SA and USAID/Lesotho)

- A. Vordzorgbe, S., Recent Economic Developments and Issues Affecting Long-Term Growth in Lesotho
- B. Management Systems International (MSI), Lesotho PVO/NGO Assessment: Potential for an Increased Role in USAID/Lesotho's Transition Strategy
- C. Wilson, D. and Field, M., HIV/AIDS Prevention and Control Activities: Recommendations for Mission Transition Strategy
- D. Lewis, G. and St. Clair, H., Assessment Report on Long-Term Support for Population Activities in Lesotho

II. BACKGROUND

A. Objective

The objective of this exercise is to recommend a management option for U.S. assistance for Lesotho after FY 1995 . The proposed strategic plan and the U.S. PVO umbrella intermediary management mode are based on the review of U.S. foreign policy objectives in Sub-Saharan Africa relative to Lesotho and the emerging AID management imperatives.

B. Historical Perspective on U.S. Assistance Program in Lesotho

Historically, the U.S. rationale for providing assistance to Lesotho has been based on development need, humanitarian concerns and political considerations related to Lesotho's hostage status to apartheid South Africa. Assistance has thus been directed to facilitate economic growth and reduced dependency on South Africa, relieve suffering from natural and man-made disasters, and support political stability, national integrity and, more recently, democracy. Through 1991 AID provided approximately \$268.4 million in economic assistance to Lesotho, with Peace Corp and other USG organizations providing an additional \$27 million. Throughout the 1970s and early 1980s, USAID worked in multiple areas, including agriculture and natural resources, health and population, education and human resources, infrastructure, renewable energy, small scale enterprise and shelter. During the later 1980s the program focused mainly on agriculture and natural resources, education and human resources, and health and population. Food assistance complemented the economic assistance throughout the 1970s and 1980s. The FY 1992 - FY 1996 CPSP emphasizes agriculture (natural resources and agroenterprise activity) and primary education.

Overall, the approach has successfully helped the country to retain its political integrity, avoid humanitarian disasters and political upheaval, and helped build basic institutional capacity and physical infrastructure, principally in the education, agriculture and health sectors.

III. RATIONALE FOR CONTINUING U.S. ASSISTANCE TO LESOTHO

A. U.S. Foreign Policy Objectives in Sub-Saharan Africa

The end of the Cold War and superpower strategic competition has resulted in the re-orientation of U.S. policy in Sub-Saharan Africa which is now experiencing unprecedented political and economic change. U.S. policy goals in the region for this new era are to promote democracy, encourage conflict resolution and peaceful change as a basis for economic and political progress, support the establishment of democratic systems that respect human rights and seek equitable growth, assist with sustained equitable development through private sector-led reforms, and to address transnational problems. U.S. interest in Lesotho focuses more directly on three of these -- namely, (1) establishing a democratic

system, (2) supporting social and economic development and (3) addressing transnational issues. While the discussion below emphasizes these three areas, the other two cannot be totally ignored. That is, continued support for the country's economic and political development will also contribute to the remaining U.S. foreign policy objectives in Africa, greater political stability and the avoidance of regional conflict and the sustainability of civilian rule.

B. Lesotho's Emerging Democracy

Lesotho became independent in 1966 under a Constitutional Monarchy, with a Legislative Council headed by Chief Jonathan who headed the Basotholand National Party. When it appeared Chief Jonathan's party was losing the elections in 1970 to the Basotholand Congress Party (BCP) opposition, he declared a state of emergency and suspended the Constitution. Intermittently through 1985, growing opposition to Chief Jonathan's authoritarian rule and increasing cross-border tension with apartheid South Africa prompted military intervention in early 1986. Ousting Chief Jonathan, the army set up a Military Council headed by General Lekhanya and banned political activity. Only in early 1990 did the Military Government initiate actions to move to civilian rule, including the establishment of a Constitutional Assembly to prepare a new constitution. Dissatisfaction of junior military officers over pay raises in April 1991 resulted in a putsch and replacement of Chairman Lekhanya by General Ramaema, who later repealed Order No. 4 banning party politics, thus initiating actions for elections.

The USG has played a key role in supporting Lesotho's move to democracy through assistance and policy dialogue. The USG, with AID financing, has provided consultants to conduct a pre-election assessment used by all donors to provide support for elections, revise electoral code, and assess election computer needs; administrative and commodity support for voter education and voter list preparation; and observers for the election itself. USIA has also provided assistance, including specialists to assist with revisions to the Constitution and voter education content. The Ambassador actively supported the country's move to democracy both in discussions with senior GOL officials and in public speeches on numerous occasions.

Elections were held March 27, 1993, with the BCP winning all legislative seats. The election marks the end of a two-year period of political uncertainty and the resulting generally weakened GOL leadership. While a newly elected government is now installed, it is inexperienced and faces serious economic challenges as unemployment grows and the country no longer holds its special position among the donor community as a frontline state to apartheid.

Needless to say, this fledgling democracy will need not only moral encouragement but also financial assistance to help it meet political and economic challenges, including staying the course on its Enhanced Structural Adjustment Program (ESAP). U.S. support for the newly elected democratic government is important to help the country sustain its transition from military rule to democracy. The current policy to concentrate U.S. assistance in major African countries and

to reduce in-country presence is already sending a mixed signal to the newly elected government. A reduction in assistance levels would send an even more disconcerting message. Support for the country's successful transition to democracy is especially important because of its geographical location within the borders of South Africa and its potential to serve as a successful model to other African countries which have yet to establish multi-party democratic systems.

C. The South Africa Factor and Development

1. Lesotho's Relationship to South Africa

Any discussion on the economic and social development of Lesotho cannot be separated from a discussion on the interdependency of Lesotho and South Africa. Given its small size, its land-locked geographical location within the boundaries of industrialized South Africa and its limited resources, Lesotho will continue to be highly dependent economically and politically on South Africa. More lucrative migrant labor opportunities in South Africa, particularly in the mines, have long attracted Basotho to leave their home for cross-border pursuits. The average number of Basotho mineworkers in 1992 was approximately 99,000, which was a considerable drop from 1989/1990 level of 120,000 as gold prices fell and more capital-intensive production methods were implemented. South Africans often employ Basotho as farm laborers or domestic workers as well. Lesotho membership in the long-established Southern African Customs Union (SACU) and Common Monetary Area (CMA) and the more recent agreement to develop the Lesotho Highlands Water Project (LHWP) to transfer water to South Africa for revenue benefits have enhanced the interdependency. The Basotho nation exists on both sides of the border. There are complex ties between the Basotho in Lesotho and Sesotho-speaking South Africans. Numerous Basotho have family in Soweto, other urban townships and homeland areas of South Africa. Migrant workers have also established liaisons with South Africans, occasionally returning with South African spouses. Lesotho has also served as a refuge for South Africans wishing to get away from the repression of apartheid South Africa. Thus, despite the restrictions enforced by apartheid for many years, people, goods and services have continued to flow across borders, reinforcing the interdependent economic, political and people-level relationships between the two countries.

With the dismantling of apartheid and the movement to a broad-based democracy in South Africa, all types of cross-border relationships have increased, although accurate figures for migrant workers other than miners are not available. The limited employment opportunities in Lesotho coupled with higher salaries in South Africa are increasingly attracting not only unskilled laborers but also more highly skilled health workers, accountants, university staff and secondary teachers to the homelands and elsewhere in South Africa. Thus, while mineworker job opportunities have decreased, other opportunities have opened up. South Africa, with its greater size, resources and industrial base has greater potential for economic growth than Lesotho and thus will continue to attract the more able as well as the less skilled who find salaries attractive. One can speculate that until the supply of skilled social services manpower catches up with

the increasing demand in South Africa, skilled Basotho may be especially able to compete advantageously for cross-border jobs. What employment opportunities will exist for all migrants in the medium- or long-term under a new South African government, however, remains to be seen.

While maintaining official commercial relationships with South Africa for some time through a South African Trade Office in Maseru, the Government of Lesotho (GOL) moved more recently to establish full diplomatic relations at the ambassadorial level. The GOL is also moving to undertake a study of options related to SACU as a basis for future negotiations. These moves reflect the growing awareness of GOL officials that they must make efforts to continue to forge and consolidate a mutually beneficial relationship with their only neighbor. One can only speculate at this point on whether the two countries will remain separate political entities or whether they will eventually integrate. However, this does not minimize the importance of the fact that their political and economic futures will remain highly interdependent.

As the South African Government has begun to dismantle apartheid, other donors have increased their financial and moral support for that country, often reducing their assistance to and interest in Lesotho just as the latter faces the challenges of declining revenues, growing unemployment and a newly elected democratic government. If unemployment continues to increase unabatedly, there is the possibility of political unrest and instability as well as increased pressure on cross-border migration for jobs. It is in the interest of Lesotho to mitigate this situation by negotiating mutually beneficial future economic and political relationships. It is in the interest of the USG to support these efforts to enhance the possibility of greater regional security for both Lesotho and South Africa.

2. Lesotho's Development Status and AID Priorities in Africa

As discussed above, the USG has invested \$295.4 million in economic assistance through 1991. While the country has made considerable progress overall during the past two decades, it continues to face daunting challenges of a growing population, increasing unemployment, deteriorating natural resources and a growing AIDS epidemic. To address these challenges, the country will continue to require economic assistance for some years to come.

With increasing demands on AID resources and staff worldwide, the AID Africa Bureau initiated in FY 1992 a new formulation for categorizing countries into "major" or "other" for allocating economic assistance. Additionally, all countries were to concentrate assistance in fewer sectors, with major countries limited to four strategic objectives and others, to one or two. Major countries were to receive the bulk of economic assistance and operational resources, including staff. Selection criteria included population (below/above 5 million), need, economic policy performance, and democracy and governance. Lesotho, with its 1.8 million people, was placed in the "other" category. Based on its moderately high need, good economic performance and its move toward elections, a level of

\$7.3 million was projected for FY 1994 and FY 1995. But as part of the effort to reduce OE and staff resources, management of Swaziland and Lesotho portfolios will be combined in a staff sharing management mode in FY 1994, as recommended by the September 1993 Transition Management Study. The approved CPSP concentration in agriculture (especially natural resources management) and primary education is to continue in the meantime. This staff sharing arrangement allows for the existing program to be implemented, but does not provide for the development of new projects or continued assistance to the country. A new management mode will be required to provide for any new initiatives or a USAID presence beyond 1995, as noted by the chart included as Figure 1.

To assist with decisions on the importance and level of continued assistance for Lesotho, it is useful to review the current status of the country on the Africa Bureau criteria for determining assistance levels -- need, economic performance, and democracy/governance. These criteria are used to assess major countries, but can be applied to other countries as well.

Need. The Bureau has been using "very high" or "high" mortality rates of infants and children as a measure of strong need. Using the under-five child mortality rate (U5MR) indicator of the UNICEF 1991 State of the Children Report, Lesotho ranked as a "high" U5MR country among four groupings of very high, high, middle and low. According to the report, Lesotho rate was 132 in the high group that has a range of 72 to 139 and a median of 94. While not in the "very high" group, Lesotho's rate places it nearly in that group (beginning at 143) and could certainly qualify for assistance to alleviate poverty on the basis of need. Because of the 1991-1992 drought and the increased mortality related to it, rates may be even higher at the current time. In the Southern Africa region among countries with a least 1 million people, Lesotho's rates are higher on 1989 child mortality figures than those of Zimbabwe, Zambia and Botswana.

Economic performance. The Bureau considers a number of measures to assess progress on economic performance. In this area, Lesotho's achievement is high. The GOL is committed to market-based growth and markets are generally competitive. Prices are market determined and no price controls are in place, except for grain. The quantity of labor used by firms responds to changing market conditions; financial markets are open; and parastatals compete with the private sector for access to foreign credit and other services. Further, the trade regime provides for open trading practices among member countries of the Southern African Customs Union (SACU), including harmonized tariff rates. In addition, the foreign exchange system is open and non-directed, the local currency is on par with the South African rand and the exchange rate is market determined. Finally, businesses can freely enter and leave Lesotho and repatriate after-tax remittances.

The GOL is also committed to effective management of the economy. Under the Structural Adjustment Program, the GOL has improved fiscal management. Accordingly, the budget registered a surplus in 1993 and public

borrowing no longer crowds out private borrowing. Further, the public investment program allocates public capital on the basis of economic and social return, social and economic expenditures have increased and tax reform actions are aimed at improving efficiency, promoting investment and ensuring equity. The GOL still supports and subsidizes several agro-based and manufacturing parastatals but has recently liquidated the agricultural input marketing one, thus demonstrating its willingness to rationalize the state sector. Further progress in this area is expected. In general performance under adjustment has been improving, despite slow progress in implementing key structural reforms. Policies and practices are appropriate for competitive efficiency. (See Section IV and Annex A for additional economic details.)

Democracy and Governance. The Africa Bureau has looked at five aspects under this rubric to determine a country's progress in this area: freedom of the press, freedom of association, human rights, public sector transparency and effectiveness, and public accountability. Lesotho took a major positive step on March 27, 1993, when it held first democratic elections in 23 years and subsequently installed a new government.

Greater freedom of speech and press were observed in Lesotho during 1992, including widespread and generally unrestrained criticism of the military government leadership and policies leading up to elections. The newly elected government has also indicated their intent to take television and radio out of direct government control and place them under a quasi state organization to improve past misuse and abuse. (Lesotho broadcasts one hour daily on a South African pay television channel.)

Regarding association, the Military Government closely constrained large public gatherings in support of the ex-king Moshoeshoe's return and thereafter during 1992. However, other political gatherings were limited only by the requirement of prior police notification and nonpolitical groups had no limitations on free and open meetings.

Performance in the human rights area has improved with the holding of elections and the subsequent enactment of the revised Constitution that includes protection of fundamental human rights and freedoms. No reported political killings or disappearances occurred in 1992, although some reports of extra-judicial killings and police brutality continue.

On public sector transparency and effectiveness, USAID has no evidence of intended misuse of donor funds. Government capacity is weak in budgeting, financial management and auditing, which lead to some public sector ineffectiveness. Various donors are providing assistance in improving capacity in these areas. Further, the newly elected government has plans to enact anti-corruption laws, set up an anti-corruption commission and improve civil service efficiency. The government budget is published, but some extra-budgetary expenditure exists. During the 1988-1991 period, 10 - 11 percent of the recurrent budget expenditures was for the military, with an additional 7 percent for police

services (CBL Annual Report, 1991). The new government has indicated its intention to improve financial management and emphasize quality, rather than numbers, of security personnel.

Regarding public accountability, approximately 70 percent of eligible voters participated in the free and fair democratic elections. While the winning party won all parliament seats, its leaders have called for mechanisms to ensure consultation with other parties in the country. The new government supports democratically elected village councils and greater devolution of government authority and responsibilities. The judicial system operates fairly independently, which will likely be enhanced under the new government.

D. Addressing Transnational Issues

The USG supports addressing important transnational issues as necessary for the long-term stability and development in the Africa region. It is in the interest of the USG to address these issues both through bilateral and regional mechanisms. For Lesotho such critical issues include the environment, AIDS, population growth, and women in development. Highlights of these issues are touched on below:

Environment. AID's emphasis is on building African capacity and institutions to promote improved environmental practices and the protection of the continent's biological diversity. Lesotho has limited resources, one of the most important being water. Its traditional grazing practices together with increasing population and land pressures are seriously straining the ability of the country to sustain the productivity of its rangeland for future grazing. Increased rangeland deterioration will also lead to increased silting of valuable river resources and the loss of biological species. Unless better management of natural resources are adopted, future water resources for both Lesotho and South Africa will be jeopardized. USAID supports efforts to improve rangeland management toward sustaining the land and related resources under the ten-year Community Natural Resources Project.

AIDS. More than one-half of the HIV-infected persons worldwide live in Africa. The further prevention and control of AIDS are critically important to development progress since AIDS epidemics ultimately affect every sector. As noted below, while HIV-infection has come later to Lesotho and South Africa than to many African countries, its spread is reaching epidemic proportions. Recent surveillance data suggest that approximately 20,000 of Lesotho's 1.8 million people are HIV infected. The number projected to be infected by 1996 is 60,000. This rapid increase in infection and the subsequent full-blown AIDS cases could have devastating effects on the country's development. Addressing the issue of AIDS in Lesotho together with South Africa will continue to be important. To assist in this target of opportunity area, USAID has been complementing other donor activities by supporting social marketing of condoms and information, education and communication activities where AID has a comparative advantage.

Population growth. Sustainable economic progress in Africa is dependent upon slowing population growth. Lesotho's population growth continues to increase rapidly, with rates growing from 2.6 percent in 1986 to an estimated 2.9 percent in 1991. Rapid population growth increases pressure on land, leading to deteriorating rangeland resources and, ultimately, to agricultural declining productivity. It strains public resources and government efforts to provide quality education and primary health care. High fertility also reduces a family's ability to provide for basic needs. This issue needs greater attention by both the GOL and donors alike if the country is to reduce the growth rate. USAID phased out its support in this sector in 1992, both because of the requirement to focus the USAID program and because other donor planned assistance levels appeared to be adequate to address the problem. But the latter conclusion on assistance availability needs to be reconsidered.

Women in development. Women play a vital role in natural and human resource development in Africa and thus assisting with their training and education is important. While primary school attendance rates for girls are higher than for boys in Lesotho, many legal and customary constraints prevent women from participating more effectively in development. USAID projects continue to involve women in development activities, including training, as well as address legal constraints to women's participation in development.

IV. ECONOMIC BACKGROUND AND OUTLOOK

A. Overview of Recent Economic Performance

Gross domestic production (GDP) real growth averaged 7.0 percent for the period 1988/89 to 1992/93 under structural adjustment program (SAP), and other indicators met or exceeded programmed targets, but growth has slowed in recent years. In 1991/92, GDP real growth rate dropped to a negative 1.7 percent, due to drought. Nevertheless, the GOL has transformed a budget deficit of 9.2 percent of GNP in 1988/89 to a surplus of 2.1 percent surplus in 1992/93, halted rapid domestic credit growth and increased net repayments to the domestic credit system. However, inflation has increased to 18.2 percent in 1992/93 and the real saving deposit rate is currently negative. Also, the trade and current account balances remain negative but the overall balance of payment turned positive due to a substantial inflow of donor capital funds, mainly to finance the Lesotho Highlands Water Project (LHWP). Consequently, Lesotho more than doubled its total foreign reserves import coverage between 1988 to 1992. However, external debt rose to about 41 percent of GNP by 1991 due to LHWP loans, but these loans will be serviced from water sale revenue from the LHWP; consequently, the debt-service ratio, excluding LHWP debts, has not increased.

B. Key Issues Affecting Long-term Growth

Lesotho has not transformed historically high income growth rates into increased domestic employment because: the source of income increases is

VII. NEW PROJECT NARRATIVE

A. Background

Project Title. Lesotho PVO Umbrella Project (PUP)
Project Number. 632-0233
Project Funding Level. \$25 million over 5 years

Major Development Problem Addressed. Lesotho's high population growth rate and the raising demand for improved social services continues to place increasing pressure on available government budgetary resources. As the GOL continues to reduce its role in managing the economy, including the provision of public services, the private sector and the NGO community will be required to fill the gap. The rapidly increasing demand for public sector social services and internal demands on human and financial resources has curtailed the growth of public service delivery in both urban and rural areas with the latter being the hardest hit. These conditions make it difficult for the GOL to expand and extend programs that are important for greater people level impact. GOL response has been to increasingly look to PVO/NGO-government partnerships in health, education, social services, and income-generating activities to complement their central program. For the foreseeable future, GOL outreach and extension programs will continue to be of limited scope, thus placing increased importance on PVO/NGO programs. The environment in Lesotho for expanding the PVO/NGO-government relationship is positive and the government continues to be supportive of this endeavor.

Responding to AID/W requirements for reductions in staffing and OE costs, continued programming of U.S. assistance to Lesotho will require a change in the modality for program assistance delivery that is different from the existing USAID Mission or planned interim model of staff sharing with USAID/Swaziland. Several options for managing the AID program in the post-transition period were considered. Lesotho has a long history of private voluntary and non-governmental organizations although local NGO capacity is still limited. Government policies are favorable to PVO/NGO activities and U.S. PVOs have expressed interest in expanding and/or establishing programs in Lesotho. Consistent with the AID policy that encourages increased support for PVOs/NGOs, USAID proposes to design a PVO support project that will assume increasing responsibility for managing the implementation of economic assistance to Lesotho in selective areas.

B. Project Objectives

The purpose of this project is twofold:

- To increase the development impact in selected areas of agriculture (natural resource management and micro- and small

agro-enterprises), family planning and AIDS prevention.

- To increase the institutional capacity of Lesotho NGOs to undertake developmental activities in these key areas in collaboration with local organizations and community groups.

Furthermore, this project will provide a means to manage AID-funded activities beyond the interim transition management mode.

Project objectives will include (1) initially helping to decrease the Mission's management burden of activities either already in its portfolio, or to be funded by the project itself; and (2) eventually assume responsibility for USAID's program portfolio, which would consist of only PVO/NGO activities.

The proposed project is consistent with AID/W guidance on program management transition which requires future AID-funded activities in Lesotho be accomplished with a major reduction in staff and OE costs. The timing for the design and implementation of PVO Umbrella Project (PUP) coincides with the completion of major programs in FY-1996/FY-1997 in the current portfolio and would provide a means to continue to implement AID-funded activities in Lesotho that address important development needs.

Consistent with the "A.I.D. Policy Paper on Private Voluntary Organization" and in DFA legislation on the increased use of Private and Voluntary Organizations, PUP will further contribute to the A.I.D. mandate to support and collaborate with U.S. PVOs, African NGOs and community groups. This project is consistent with AID/Congressional development priorities.

C. Project Description

The PVO Umbrella Project will provide a mechanism to manage funding to continue to support project activity in sectors identified in the current CPSP (FY 1992-1996) which includes agriculture and natural resource management (including enterprise development), and AIDS. Given the grassroots nature of PVO/NGO activities, a larger percentage of the beneficiaries will be the rural population which includes a high portion of households headed by women.

An externally managed PVO umbrella project is proposed for Lesotho. Under this model, a U.S PVO organization would be selected to implement a PVO funding project. AID would maintain regular project oversight responsibilities as specified through a cooperative agreement with the PVO selected to implement the project. This approach was selected to: (1) reduce both USDH staffing requirements and OE costs, (2) reduce the AID management burden, (3) incorporate to the maximum extent possible the full management costs within the project, and (4) to facilitate procurement of specialized skills and other technical assistance through a project mechanism. AID project monitoring responsibilities would be provided by a resident USDH, who would also be responsible for

monitoring the completion of the Primary Education Program (PACD July 31, 1997) and incorporation of the Community Natural Resource Management (CNRM) Project under the PVO Umbrella Project by March 30, 1997, the expiration date of the current CNRM implementation contract. The resident USDH would be responsible to a regional office or neighboring mission. The neighboring mission or regional office would continue to be responsible for AID's oversight of the Lesotho PVO Umbrella Project after the USDH presence terminates in Lesotho in 1997.

It is anticipated that the U.S. PVO selected to implement PUP would submit annual work plans and budgets for approval by AID. Furthermore, periodic reports would be required (e.g., progress reports measured against annual work plan and variance analysis of actual expenditures against the approved budget).

Preliminary estimates relative to annual funding levels indicate that \$5 million could be effectively programmed in Lesotho. This level of funding also includes the cost of PUP project management and CNRM following completion of CNRM phase 1 in 1997. Both annual and multi-year grants would be available to qualifying PVOs/NGOs. The projected first obligation is \$2 million in FY-1995 with \$3.3 million to be added in FY-1996.

Following PID approval, a Request for Application (RFA) would be issued to solicit interest from the PVO community to enter into a cooperative agreement for the purpose of assisting the Mission with further design including preparation of the Project Paper (PP). The RFA will specify that the Mission will consider entering into a longer term cooperative agreement with the selected PVO for project implementation. The RFA/Cooperative Agreement mode would be utilized to competitively secure the services of a U.S. PVO to assist with project design (preparation of the PP) and following completion of the project design serve as the external project manager. Participation of local NGO representatives will be sought during both PID and PP designs. Consultations will also be held with GOL officials during the design phase. Consistent with requirements to reduce Mission staffing and the likelihood of minimum staff from FY-1995 onward, the externally-managed umbrella project is proposed for management of AID activities and grants to PVOs and NGOs for implementation of activities in the period following the interim transition phase (staff sharing with Swaziland).

U.S. PVOs that are registered with AID will be eligible to submit proposals in the Mission's focus areas for funding to the PVO manager of PUP. Guidelines and criteria for developing proposals will be developed during PP design and will be made available to prospective grantees. The application process will consist of two steps - an initial concept paper and, if approved, a full proposal. Guidelines will include outlines for both the concept paper and the full proposal. The concept paper which will include a budget for proposed activities and a budget for preparation of a full proposal. A review committee, composed of representatives of the PVO selected to manage PUP, USAID, and the GOL, will review concept papers. AID participation in the proposal review process will phased out upon departure of USDHs from Lesotho. Approval of a concept paper will lead to an invitation to submit a full proposal. There will be a provision for the

project to share in the costs of PVO/NGO proposal preparation following approval of a concept paper. Full proposals will be subject to the same review process as the concept paper. PVOs/NGOs will be expected to meet the 25 percent minimum matching contribution from non-U.S. government sources.

U.S. PVOs will be encouraged to enter into collaborative relationships with local NGOs. Local NGOs will be eligible to receive sub-grants from U.S. PVOs under the condition that the principal grant recipient retain accountability.

Funds under the project will also be made available to PVOs/NGOs and to PVO/NGO representative organizations for the purpose of training and other aspects of institutional strengthening. Such grants can be for individual activities or for longer term training programs.

D. Design Schedule

The time frame below is based on the assumption that there are no major delays and that approvals are forthcoming in a timely manner. If any delays are experienced due to unavailability of consultants, REDSO staff, etc., or redesign following review(s), additional time will likely be required.

The Mission will look to REDSO/ESA to assist in developing the PID and provide the design team for the Project Paper as staff remaining in the Mission will be insufficient to undertake this design.

<u>Tasks</u>	<u>Time Required</u>	<u>Completion Date</u>
1. AID/W review/approval of PVO/NGO concept in post transition strategy.	6 weeks	August 15, 1993
2. Project Identification Document (PID) Design - PID will be a comprehensive document as AID/W will likely use as part of the rationale for the longer-term program in Lesotho. PID will propose selecting a PVO to assist with PP design. Some analysis normally done at the PP stage may be included in the PID to ensure that reviewers have adequate information on which to base decision to continue to PP. Early REDSO/ESA involvement in PID design would be advantageous to provide continuity in design effort for the PP. Furthermore, with recent reductions in USDH staff, the Mission no longer has all the staff resources to undertake this design. USAID/Swaziland will also review PID as responsibility for PP design would be with Director of the combined Swaziland and Lesotho Missions.	6 months	Feb. 28, 1994
3. AID/W review/approval of PID.	4 weeks	March 31, 1994

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<u>Tasks</u>	<u>Time Required</u>	<u>Completion Date</u>
4. RFA on collaborative mode completed/advertised.	6 weeks	May 15, 1994
5. RFA on-the-street.	2 months	July 15, 1994
6. Selection/negotiation coop. agreement.	2 months	Sept. 15, 1994

(at about this point USAID/Swaziland takes over Mission Director oversight to continue this process as the Lesotho Mission Director will depart post shortly thereafter and will not be replaced)

7. Mobilization of PVO to assist with PP design. REDSO/ESA (or a Southern Africa Regional Office if it exists) will be requested to lead the PP design effort with the assistance of the PVO selected under the process noted above. Design would be undertaken in consultation with the Swaziland/Lesotho USAID Director. At this time remaining USAID/Lesotho staff resources will be devoted primarily to implementation responsibilities of the remaining portfolio. Project design staff resources in both USAID/Lesotho and USAID/Swaziland will also be very limited.

	6 weeks	October 30, 1994
8. PP Completed.	4 months	February 28, 1995
9. REDSO or AID/W approval of PP (likely to be required given the implications for program management). USAID/Swaziland submits.	2 months	April, 1995
10. Staff selection/mobilization and PVO Project Operational.	2 months	June, 1995



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAR 15 1994

Assistant
Administrator
for Africa

**ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR
MANAGEMENT**

FROM: AA/AFR, John F. Hicks

SUBJECT: Approval of the General Plan for the Closure of
the USAID/Lesotho Bilateral Program

PROBLEM: This Action Memorandum requests your approval for
USAID/Lesotho's Program Closeout Plan as modified by
decisions taken by the Africa Bureau, set forth below.

BACKGROUND: 93 State 350003, dated 18 November 1993,
requested the U.S. Ambassador to Lesotho to notify the
Government of Lesotho (GOL) of the U.S. Government's
intention to phase out our in-country USAID presence by the
end of FY 1995. Although Lesotho has pursued good economic
and social policies, and the peaceful multi-party elections
of 1993 bode well for the future of the democratic
transition in Lesotho, our bilateral program in Lesotho is
being closed down as the Agency moves to focus and
concentrate our resources in fewer countries.

The Mission has been engaged in the process of downsizing
both its program and its personnel since 1993 in response to
the findings of the October 1992 Transition Management
Study. Thus, the Mission has already reduced its FTE level
by three and terminated a major agricultural policy program.
The Mission currently has three bilateral projects with LOP
funding totalling \$40.086 million, and centrally-financed
AIDS activities with funding of \$600,000.

DISCUSSION:

Preparation of the Plan and the Review Process:

USAID/Lesotho prepared a Program Closeout Plan for the
Agency's review and approval. The Closeout Plan was
reviewed by the Africa Bureau on February 18, in a meeting
chaired by Acting DAA/AFR Carol Peasley, and attended by

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representatives of AFR/SA, AFR/ARTS, AFR/MRP, AFR/DP, M/FM, M/MCS, PPC/PAR, R&D/OIT, G/EG, State/AF/S, and State/AF/EPS. USAID/Lesotho was represented by Mission Director Gary Towery.

The Africa Bureau approved, in part, the proposals contained in USAID/Lesotho's Closeout Plan. The purpose of this memo is to obtain your approval for the Closeout Plan as amended by the Bureau.

Main Elements of the Plan:

93 State 350003 highlighted the Bureau's commitment to bringing ongoing projects in closeout countries to an orderly completion. In response to this guidance, the Mission proposes to complete all projects and programs in an orderly fashion by the end of FY 1996. To manage the two projects which would continue beyond 1995 - the Primary Education Program (PEP) and the Community Natural Resources Management Project (CNRM) - the Mission recommends reducing USDH presence to one person, and leaving this project officer, who would serve as the AID Affairs Officer (AAO), in Lesotho through FY 1995 under the supervision of the Southern Africa Regional Office. The AAO would be assisted in project monitoring and support by two U.S. PSCs and ten TCN/CCNs; the Office could be entirely supported by existing OE trust funds. After the departure of the AAO, the Mission plan recommends the establishment of a program-funded Lesotho Project Office, staffed by two U.S. PSCs and seven CCN PSCs, to be maintained in Lesotho during FY 1996 to monitor the orderly completion of PEP and CNRM.

OUTSTANDING ISSUES:

Issue 1: Continuation of two major bilateral project/program activities into FY 1996?

Mission Position: Under the Agency's guidance, all USAID USDH presence in Lesotho will terminate by the end of FY 1995. The Mission has proposed continuing two projects - the Primary Education Program (632-0225/0230) and the Community Natural Resources Management Project (632-0228) into FY 1996, in order to bring them to orderly completion. Under the Mission's proposal, the PACDs will be accelerated for both the Primary Education Program (PEP) and the Community Natural Resources Management Project (CNRM); PEP was scheduled for completion in August 1997 and Phase I of CNRM was scheduled to be completed in April of 1997. The Mission's Closeout Plan attempts to ensure orderly completion of the two projects by bringing the projects to a level where any previous or continuing efforts towards achieving project objectives can be sustained.

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The importance of both projects was discussed at length. It was noted that PEP parallel finances a World Bank education project, thus leveraging \$25 million in World Bank financing; USAID and the World Bank jointly review progress on reforms. It was also noted that the USAID program addresses important conditionality relating to the quality and efficiency of primary education in Lesotho, critical to long-term improvement in Lesotho's human resource base. When asked whether PEP could be cut off at the third tranche, for which conditionality should be met by late FY 1995, the Mission Director argued that fourth tranche conditions are vital to the sustainability of the program reforms, and that it would be inappropriate to cut off funding before sustainability could be ensured.

Concern was also expressed that terminating PEP in FY 1995 would interfere with USAID's responsibility to monitor local currency generated under PEP. Local currency generated by the GOL is jointly programmed with USAID under PEP; with the second disbursement, anticipated to be released this month, approximately 33 million maloti (equivalent to \$9.5 million) will have been deposited for budget support for the GOL Ministry of Education (MOE). Estimates of MOE disbursement rates indicate that these deposits will be disbursed by September or October of 1995; USAID monitoring responsibility for those deposits would end with USAID review of the final GOL audit later in FY 1996. The Mission plans to eliminate the requirement of local currency generations for future year tranches of PEP program funding.

As for CNRM, it was noted that CNRM is significant in that it is the only natural resource management activity in Lesotho; it contains a major community participation component; and it has been in operation long enough that we are now able to show actual biophysical measurements of environmental change which has been achieved through prudent management of resources.

Bureau Recommendation: The Bureau appreciates the Mission's efforts to ensure sustainability. However, since a decision has been taken to close out our bilateral program in Lesotho, we are required to end ongoing activities as quickly as is consistent with leaving behind useful units of assistance. While it would be desirable to continue both projects, the Bureau determined that the CNRM Project should be terminated in FY 1995, i.e. by the time the Mission closes. Simultaneously, given the importance of natural resource management in Lesotho and the relevance of the Lesotho model to regional community-based natural resource management programs, we agreed that the new Southern Africa Regional Office should consider adding a Lesotho component to its regional program in FY 1995 or FY 1996. This would

be consistent with Bureau guidance to the Mission in 93 State 350003, which suggested that the Mission could inform the GOL that USAID would continue to assist Lesotho's development through programs and projects administered on a regional basis. We cautioned the Mission to ensure that all lessons learned from CNRM have been captured by the time the Mission closes.

The Bureau does, however, recommend that PEP be allowed to continue until September 1996, in order to permit the GOL time to complete this important educational policy program. The reobligation of \$181,000 requested by the Mission for PEP is approved. In addition, obligations of \$4.855 million in FY 1994 and \$2.7 million in FY 1995 will be needed to complete funding of PEP.

Issue 2: Personnel implications of a decision to only continue PEP through FY 1996

Mission Position: In its Closeout Plan, the Mission recommended maintaining two U.S. PSCs and seven CCN PSCs in what the plan termed a "Lesotho Project Office" through FY 1996. This proposed staffing level was assumed to be necessary for the orderly completion of the PEP and CNRM projects.

Bureau Recommendation: Since the Bureau is recommending that only one activity - PEP - be continued past FY 1995, the Bureau believes that only one U.S. PSC project manager for PEP, and one or two CCN project assistant(s), as required, should be retained after FY 1995. These individuals would be housed at the Ministry of Education rather than on U.S. Government premises, and support services for the individuals would have to be arranged with the Ministry. No Lesotho Project Office (or AID Affairs Office) would be created, and the USAID bilateral presence in Lesotho would cease with the closing of the Mission in 1995.

Issue 3: Status of regional and global projects and activities in Lesotho

Although the Mission's Closeout Plan did not address 116(e) activities nor self-help activities managed by the Embassy, these activities do not require USAID Mission involvement, and can be expected to continue after Mission closeout, under Embassy management, with funding from USAID/W. The Mission's Closeout plan also did not address Global or BHR Bureau activities currently being implemented in Lesotho.

Bureau Recommendation: The Mission was advised that the

Closeout Operational Plan which will be prepared by the Mission must address the disposition of all regional and global activities undertaken or financed by USAID in Lesotho. All G and BHR activities should terminate before Mission closeout, while activities managed by the Embassy, such as 116(e) and self-help, can continue.

Secondly, while the Closeout Plan does reference ongoing AIDSTECH activities, these interventions are scheduled to end in 1995. In the Closeout Plan, the Mission suggested that funds remaining undisbursed by September 1995 should be reprogrammed to support interventions with Basotho migrant workers living in South Africa. At the Bureau review, the Mission made clear that this possibility is no longer being pursued, and that all funds programmed for Lesotho under AIDSTECH would be spent on activities in Lesotho and would be disbursed by the end of FY 1995.

Bureau Recommendation: The Bureau feels that the importance of the AIDS pandemic to Southern Africa warrants a regional initiative in which all Southern Africa missions, including those which are closing down, will be able to participate.

Issue 4: Ensuring the availability of OE trust funds

The Mission estimates that OE needs through FY 1995 could be fully funded from existing OE trust funds, if no ceiling is placed on the use of OE trust funds by USAID/W. The Bureau wishes to highlight the importance of this request to AA/M.

Issue 5: Other matters

Although not discussed at length, the following matters were discussed during the Bureau review, and the following advice given to the Mission for use in drafting the Closeout Operational Plan:

a) The Operational Plan needs to reflect all participants now in training, and demonstrate that all training will be completed in a timely fashion consistent with Agency guidance;

b) The Operational Plan needs to reflect all regional and centrally funded activities (including BHR and G Bureau), and ensure that those activities which are not managed by the Embassy wind down prior to the end of FY 1995;

c) The Operational Plan needs to reflect that the U.S. PSC project officer for PEP will be supervised by a USDH project officer resident in the region during FY 1996;

d) The Operational Plan needs to address how local currency generations will be managed in the absence of a USDH; and

e) The Mission was advised to reconsider its OE and program requirements given early termination of the CNRM Project.

BUREAU RECOMMENDATION:

A. That the Program Closeout Plan for USAID/Lesotho be approved as submitted by the Mission except as follows:

1) That the Community Natural Resources Management Project be terminated by the end of 1995;

2) That future community natural resource management activities in Lesotho be considered under the Initiative for Southern Africa;

3) That the Mission retain only one U.S. PSC and one or two CCN PSC(s) during 1996, who would be housed in the Ministry of Education;

4) That no Lesotho Project Office or AID Affairs Office be created;

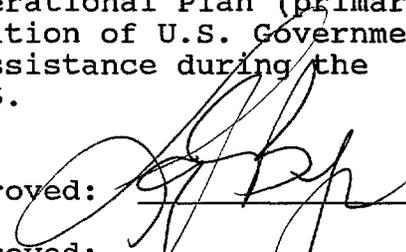
5) That the Mission ensure that impact of all project and program activities has been measured by the time the U.S. PSC departs Lesotho in FY 1996, or mechanisms are in place for subsequent measurement by USAID;

6) That the Mission ensure that all lessons learned from the CNRM Project have been captured by the time the Mission closes in FY 1995;

7) That a regional HIV/AIDS program be considered under the Initiative for Southern Africa, which would permit AIDS prevention activities in Lesotho to continue following the closing of the Mission; and

8) That all other regional and global activities presently being carried out in Lesotho, besides those centrally-funded activities which are being managed by the Embassy, wind down and terminate by the end of FY 1995.

B. That the Mission be provided with timely assistance as needed to complete the Closeout Operational Plan (primarily assistance to determine the disposition of U.S. Government-owned real property), as well as assistance during the Mission's final closeout in FY 1995.

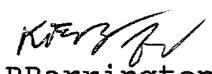
Approved: 

Disapproved: _____

Date: 3/18/94

Attachments:

- A) Summary of Closeout Plan
- B) USAID/Lesotho Program Closeout Plan



O:\SAPUB\LESOTHO\ACTMEM.LES:AFR/SA:BBarrington:74229:3/8/94

Clearances:

AFR/SA:LTaylor draft

AFR/SA:KBrown draft

AFR/DP:JGovan draft

State/AF/S:MHayes draft

PPC/PAR:MRugh draft

GC/AFR:MAKleinjan draft

A-DAA/AFR:CPeasley cop 3/14

USAID/Lesotho Program Pipeline
Cumulative Obligations Minus Expenditures by Fiscal Year
(\$000)

Project Name and Number	LOP Funding	Cum Oblig FY 93	Cum Exp FY 93	Pipe FY 93	Cum Oblig FY 94	Cum Exp FY 94	Cum Pipe FY 94	Cum Oblig FY 95	Cum Exp FY 95	Pipe FY 95	Cum Exp FY 96
Primary Ed Program (PA) 632-0225	5,577	4,859	1,089	3,770	5,557	2,500	3,077	5,557	3,700	1,877	5,557
Community Nat Resources Mgmt 632-0228	8,451	4,450	2,072	1,378	6,551	4,072	2,479	8,451	8,451	0	8,451
Primary Ed Program (NPA) 632-0230	18,600	11,582	6,082	5,500	15,900	11,592	4,308	18,600	14,982	3,618	18,600
Small Scale Intensive Agricultural Production 632-0231	1,000	656	311	345	1,000	655	345	1,000	1,000	0	1,000
AIDS Tech Support 936-5972	600	600	70	530	600	370	230	600	600	0	600
Program Dev and Support 632-0510	50	50	0	0	50	50	0	50	50	0	50
TOTALS	34,278	22,197	9,624	11,215	29,678	19,229	10,439	34,278	28,783	5,495	34,278



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAY 16 1994

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

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

SUBJECT: Request for Exception to Directive Concerning
Academic Training New Starts from Closing Missions

Problem: USAID/Lesotho seeks Africa Bureau approval for an exception for long-term academic training under the Primary Education Program (PEP) from a directive from the USAID Mission Closeout Coordinator, AA/M, Larry Byrne. The Directive, which was sent to the field in State 53617, and subsequently modified by State 95101, prohibits new participants from closing missions to start academic training unless the training can be completed by the mission's closeout date. State 95101 authorizes the Geographic Bureaus to permit exceptions to this prohibition when required.

Background: The Program Closeout Plan for Lesotho was reviewed in Washington on February 18 and March 8, 1994, and approved on March 18 by AA/M Larry Byrne. Although the majority of our program assistance to Lesotho will now end in late 1995, and the Mission will close down at that time, the Mission argued forcefully that PEP, with its important educational policy objectives, should be allowed to continue until at least September 1996. The Africa Bureau agreed, and AA/M concurred in this request. PEP's principal technical assistance contract, which includes responsibility for administering participant training, will also be continued through FY 1996, the revised program completion date.

The Primary Education Program included minimal, but important, long-term academic training to achieve three program objectives: 1) to strengthen primary education teacher training capacity at the National Teacher Training College, 2) to build Ministry of Education (MOE) capacity to improve curriculum testing and evaluation practices, and 3) to upgrade MOE educational planning skills.

Four of seven planned long-term participants are currently in training and will complete their programs in FY 1995. The remaining three were to depart for training in

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August of 1994 for two-year master's degree programs which would be completed no later than August 1996. The contractor and GOL authorities have identified candidates for this final training and have begun processing documentation for admittance to U.S. universities. The planned training can be completed within the planned contract completion date and within the revised Primary Education Program completion date of September 1996 but cannot, as noted above, be completed by the time the Mission closes at the end of FY 1995.

Cancellation of the proposed participant training will critically jeopardize the achievement of the three program objectives listed above. Short-term training cannot provide the depth of academic exposure necessary for developing these specialized skills which are scarce in Lesotho. Further, at this late date, other donors cannot pick up the responsibility for funding this training in time to achieve PEP's objectives by the program's revised PACD.

Discussion: The Agency's Directive on Academic Training New Starts from Closing Missions, like certain provisions of Handbook 10, is intended to ensure that USAID resources are not wasted by sending participants for training under the aegis of a USAID project or program under circumstances where project or program objectives will not be met by the training. It is intended to ensure that we do not start new activities that will undermine our ability to close out of a country by a specified date. The Directive, therefore, permits closing missions to send academic participants for long-term training only if they will complete their programs and return home by the Mission closeout date, where their reintegration into a USAID program or project can be adequately supervised by Mission personnel. The regional bureaus are permitted to make exceptions to this rule.

In the situation at hand, the reintegration of the participants into the PEP Program will be assured by the principal technical services contractor, who has contractual responsibility for administering participant training. There is no need for Mission personnel to be present in order to ensure that PEP's participant training objectives are met. Additionally, in approving the continuation of PEP until 1996, one year after the Mission Closeout, AA/M has already recognized that PEP activities will continue beyond the closeout date.

Recommendation: That you approve an exception to the Directive cited above concerning academic new starts in closing missions and approve USAID/Lesotho's request that training for the three remaining long-term academic

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participants under PEP be permitted to proceed, subject to their completing their training programs by September 1996, the program's new PACD.

Approved: Carol A. Hasley

Disapproved: _____

Date: _____

Drafted: AFR/SA: *PK* [unclear]: 4-8-94: 0: \SAPUB\LESOTHO\DOCS\WAIVER.MEM

Clearances:

AFR/SA: BBarrington	<u><i>BBB</i></u>	date	<u><i>5/2/93</i></u>
AFR/SA: LTaylor	<u><i>JL</i></u>	date	<u><i>16 May 94</i></u>
AFR/DP: JGovan	<u><i>JG</i></u>	date	<u><i>8-16</i></u>
GC/AFR: MAKleinjan	<u><i>MAK</i></u>	date	<u><i>4/28/93</i></u>
A-DAA/AFR: CPeasley	<u> </u>	date	<u> </u>



U.S. Agency For International Development
memorandum

DATE: 26 September 1995

REPLY TO
ATTN OF: Peggy O'Rourke, TDY/EXO USAID/MASERU

SUBJECT: MEMORANDUM OF UNDERSTANDING

TO: SEE DISTRIBUTION

REF:

Attached for your files is a copy of the Memorandum of Understanding dated September 26, 1995, signed by Ambassador Myrick, and Gary E. Lewis, Acting Director, USAID.

Also attached is a copy of the letter transferring title of the grant-financed office annex and the Embassy Health unit.

DISTRIBUTION

Carole Peasley, USAID/W
Bill MacLauchlan, USAID/W M/OMS
Dean Parker, USAID/W IG/SEC
Anthony Vodraska, USAID/Botswana
Alistair Cooke, USAID/Swaziland

MEMORANDUM OF UNDERSTANDING

This Memorandum sets forth various understandings between USAID/Lesotho and the United States Embassy in Maseru related to the close out of the USAID Mission in Maseru.

1. It is noted that the USAID Mission in Maseru will keep the U.S. Embassy advised of the progress on its close out activities.
2. Effective January 1, 1995, USAID will have a core staff of one USDH officer plus a limited support staff of two USPSCs and ten FSNs. All but three of this residual staff will terminate by September 30, 1995, leaving one USPSC and two FSNs who will be transferred to offices in the Ministry of Education where they will remain through September 30, 1996. It is recognized that limited residual actions may be required after September 30, 1995.
3. It is agreed that the Embassy will notify the Department of State of the facilities and equipment that USAID will permit the Embassy to use free of charge at the cessation of activities on September 30, 1995. Based on the value of these facilities and equipment, State will provide USAID with an offset of USAID costs under the FAAS system from October 1, 1995, through September 30, 1997. Prior to September 30, 1997, USAID and State agree to meet to determine whether to extend this agreement beyond the expiration date.
4. It is agreed that residual USAID activities for which the Embassy will assume responsibility, effective October 1, 1995, are as follows:
 - (a) Oversee the packing and shipping of any remaining office furniture, equipment, or official vehicles belonging to USAID. Invoices for such shipping costs should be transferred to the Regional Financial Controller for processing payment.
 - (b) Minor value billings for less than \$150.00 should be faxed to the Regional Financial Controller for placing fiscal data and funds availability before paying from petty cash.
 - (c) All other billings received for USAID/Lesotho should be mailed to the Regional Financial Controller for processing payment by check.

(d) Transfer any unresolved financial matter to the USAID Regional Controller.

(e) Transfer any questions on contracts to the Regional Contracting Officer.

(f) Refer any unresolved matters on USAID programmatic issues to the USAID Swaziland HRDO officer during the first year of the Memorandum of Understanding and thereafter to the Southern Africa Regional Officer that may be designated responsibility for the residual activities of USAID/Lesotho.

5. In consideration for providing the above services, USAID will permit State to use the AID office building (REMS Property No. X03003), including the office building annex, at no cost and will relinquish all claims to the Health Unit annex (REMS Property No. X07010) building. A list of all equipment remaining in the buildings will be made available to State in a separate instrument.

6. It is agreed that the Embassy will alter portions of the interior of the USAID office building in order to use it as a warehouse. This will consist of removing modular office partitions and storing them in the USAID office building for future restoration if required. USAID will not request restoration of these partitions. These alterations will be limited to the area of the offices from the generator room on one end through the annex on the other end. All load bearing or cement block walls and other modular office partition walls in the remainder of the building cannot be altered without obtaining the permission of the USAID Regional Center for Southern Africa or appropriate USAID/Washington officials. The Embassy will maintain the building effective October 1, 1995, in the condition received with the exceptions noted above and will release the building to USAID provided 180 days' notice is given in writing to the Embassy by USAID if USAID resumes assistance activities in Lesotho. Normal wear and tear in the office building will be acceptable to USAID. USAID will not request return or any accountability of equipment transferred with the USAID office building for use by the Embassy.

7. USAID has received a letter signed by the Lesotho Minister of Finance and Planning and the United States Ambassador transferring title to the Grant-financed USAID Annex (attached to REMS Property No. X03003) and the Health Unit (REMS Property No. X07010) to the U.S. Government (copy attached). USAID does not retain any title or interest in the Health Unit facilities which is part and parcel of the United States Embassy complex.

8. AGREED TO by representatives of the Embassy and USAID on the date written below, subject to approval by the Washington headquarters of both agencies.

Bismarck Myrick

Bismarck Myrick
Ambassador

Gary E. Lewis

Gary E. Lewis
Acting USAID Mission Director

Date September 26, 1995

Date 9-26-95

UNITED STATES A.I.D. MISSION TO LESOTHO

AMERICAN EMBASSY
P.O. BOX 333
MASERU 100
LESOTHO

Telephone 313954
Telex 4506 USAID LO
Fax No. 310284

September 5, 1995

The Honorable Dr. Moeketsi Senaoana
Minister of Finance and Planning
Maseru

SUBJECT: Basic and Non-Formal Education Systems Project, No: 632-0222 (BANFES); Lesotho Agriculture Policy Support Program, No. 632-0224 LAPSP); Lesotho Agricultural Production and Institutional Support Project, No. 632-0221 (LAPIS); Donation of Property to U.S. Government

Dear Mr. Minister:

This letter records our discussions in which the Government of Lesotho agreed to donate to the United States Government certain facilities constructed in 1989 with USAID project grant funds. The constructions in question are on the grounds of the U.S. Embassy in Maseru; they consist of an office space annex and a small health dispensary annex. These facilities were originally financed by the BANFES, LAPIS and LAPSP grants at a cost of M139,645 (U.S. \$55,859) and used to provide accommodation and health care to project-funded contractors. However, because they were built with grant funds, it is the Government of Lesotho that owns the structures.

Now that the bilateral USAID Mission to Lesotho is closing, Lesotho will be eligible to participate in regional assistance to be provided by USAID's Regional Center for Southern Africa located in Gaborone. To facilitate USG operations, the GOL has agreed to donate its ownership rights in and to the buildings to the U.S. Government.

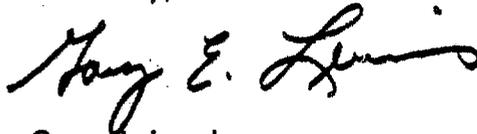
In order to formalize the transfer of title, I ask that you concur in this transfer letter which established that the Government of Lesotho relinquishes in favor of the United States Government any and all claims to title, lien or other ownership or control of the grant-financed office annex and health dispensary located on the grounds of the U.S. Embassy in Maseru.

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The Honorable Dr. Moeketsi Senoana
Minister of Finance and Planning
Page Two

Please indicate your concurrence by signing below and returning the original to our office. A copy is also provided for your files. Your generous cooperation is most warmly acknowledged.

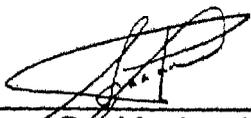
Sincerely,



Gary E. Lewis
Mission Director (Acting)

Concur: Bismarck Myrick
Hon. Bismarck Myrick
U.S. Ambassador

Date: September 15, 1995

Concur: 
Hon. Dr. Moeketsi Senoana
Minister of Finance and Planning

Date: 12 Sept 95